AN AMENDMENT TO THE ADOPTED
COMPREHENSIVE PLAN

HOUSING ELEMENT

MARCH 16, 2011

THE AREA PLAN COMMISSION OF TIPPECANOE COUNTY

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COMPREHENSIVE PLAN HOUSING ELEMENT

INTRODUCTION

The purpose of the Housing Element Volume 3 of the Comprehensive Plan for Tippecanoe County is to describe and analyze:

- the nature and condition of our current housing stock;
- our ability to afford to rent or own housing;
- the amount of additional housing needed over the next ten years; and
- to establish policy, based on three broad policy areas that will serve to make housing **available**, and **affordable** to all within our community, and **compatible** within its surroundings, whether natural or manmade.

These broad policy areas of "availability," "affordability" and "compatibility" still retain their relevance today and should continue to inform the primary goal of the housing element first presented in the July 1976 Area Plan Commission Adopted Goals and Objectives concerning residential development:

> *"Protect the quality of existing residential areas, and encourage the orderly and regulated development of housing suitable to the needs of the local housing market."*

1981 Housing Policy Review

The housing policy statements found in the 1981 Comprehensive Plan - Housing Element include the following introduction: "In order to achieve the fundamental objectives of providing opportunities for sufficient housing to meet the needs of all citizens, minimizing the cost of construction of such housing and maximizing the compatibility of housing within our natural and man-made environment, the Tippecanoe County Area Plan Commission (APC) and its five participating jurisdictions adopt the following set of policies."

Listed below are the fourteen housing policies identified in 1981 and a brief explanation of the current status of goals expressed in each policy:

1. Relevant portions of the text of the Unified Zoning Ordinance (UZO) are to be rewritten to establish performance standards (with regard to density, impervious surface ratio and open space) within residential development zones. ***A decision was made that a zoning ordinance based entirely on performance standards was not feasible. So instead the current ordinance was developed. The UZO includes standards within each residential zoning district that address minimums in lot area, vegetative cover and maximum percent of building cover all of which impact density, impervious surface (through percent of lot coverage and vegetative cover) and open space.***

2. Zoning maps are to be revised to accommodate the findings of the Residential Land Use Potentials Study with its ample opportunities for housing expansion. ***The zoning maps that include the three residential expansion areas were never updated using the potentials study; however current zoning maps show a variety of undeveloped areas of residentially zoned property to meet future needs. The information in the Residential Land Use Potentials Study is used frequently on a case-by-case basis for residential zoning requests.***

3. The feasibility of permitting residential density bonuses to developers within a framework of residential performance standard zoning is to be explored, in order to encourage the provision of affordable housing to all segments of the community. ***Although residential performance standard zoning was never used, residential growth areas include housing for all income levels in both renter and owner-occupied options. The practice that density should not thin as residential development moves away from our urban core assures that we maintain affordable housing in all geographic areas of the community. An additional provision in the Unified Zoning Ordinance (UZO) that allows a developer to vary the residential density of a project beyond that which is permitted within R1 and R2 zones is planned development (PD) zoning. PD zoning is used frequently for a variety of types of higher density residential development including but not limited to condominiums, semi-attached single-family units and detached single-family units.***

4. The Unified Zoning and Subdivision Ordinances are to be reviewed with regard to the protection of solar access in order to lessen dependence on non-renewable energy sources. ***This has not happened but was a hot topic in the early 80's when solar initiatives were given federal/state tax breaks. When the tax breaks went away so did the majority of solar companies. It is too expensive without the incentives. It is important to strive for higher "green" standards. Housing policy could encourage energy conservation and innovative energy saving construction. Wind energy provisions have recently been added to the UZO permitting micro wind systems in residential zones and small wind energy systems in agricultural zones that can be utilized for private residential use.***

5. The Area Plan Commission is to consider recertifying to the Lafayette City Council the "shared housing" amendment to the Unified Zoning Ordinance, to foster housing availability and affordability, and to re-establish uniformity within the ordinance amongst jurisdictions. First put into place in 1982 at West Lafayette's request, shared housing allows 4-person occupancy. It allows all two-bedroom units in R3 zoned areas to house up to four people. ***The new zoning ordinance adopted in 1998 made shared housing available to all jurisdictions in R3, R3U, R3W, R4W, NBU, CB, CBW and MR.***

6. The Area Plan Commission and its participating jurisdictions are to continue efforts to streamline and coordinate review processes involved in the development of residential properties, and to ensure the uniform enforcement of all regulations pertaining to land use and building construction, in order to reduce unnecessary delays and concomitant costs without sacrificing essential public safeguards. ***Ongoing efforts are made to provide the community with the best service. An extensive efficiency study soliciting comments and suggestions for improvement from the development community was conducted in 2003. A list of issues was created to prioritize the order of zoning ordinance changes reviewed by the APC Ordinance Committee. There is some interest by the Tippecanoe County Building Commissioner in having all county building permits, outside the city limits of Lafayette and West Lafayette, issued through the county permit office and all zoning/standards review of permits conducted by APC staff. This change would provide more consistent zoning review and streamline permit issuance now conducted by two different county offices. Administrative Officers representing all jurisdictions***

meet once a month to discuss current issues and to assure uniform enforcement of all regulations.

7. The staffs of the Area Plan Commission and the Community Development Departments of Lafayette and West Lafayette are to combine efforts in formulating detailed and specific neighborhood plans, policies and implementable programs. ***Neighborhood land use plans and rezoning requests have been conducted by APC staff, the majority since the adoption of NUZO in 1998. Policies listed here have not been revisited since 1981. Programs are under the purview of the Development Departments without participation from APC.***

8. Neighborhood stability is to be promoted where feasible through a program of strong, equitable code enforcement, and continuing public investment in the maintenance of public facilities and services. Neighborhood associations are to be encouraged and permitted active participation in decision-making activities. Lending institutions are to be encouraged to provide neighborhood residents with a sufficient supply of home improvement financing. The feasibility of tax deferral or abatement programs designed to encourage housing rehabilitation is to be explored. Any infill construction is to mirror the existing physical character of the neighborhood. ***Code Enforcement programs, although different in scope and approach in each jurisdiction, address issues that affect neighborhood stability. These types of programs are proven to protect the existing housing stock and eliminate adverse neighborhood conditions. Even though the programs experience difficulties, they should be continued. Neighborhood organizations participate in decision-making opportunities through their respective Community Development offices. Locally, financial incentives and support are implemented through various housing agencies and not-for-profit programs partially funded through the two City Community Development Departments and the Lafayette Housing Consortium.***

9. Residential areas requiring major intervention, including the development of underutilized sites and the redevelopment of significantly deteriorating segments of neighborhoods, are to be carefully selected, and sensitively planned and developed, in order to minimize disruption and maximize compatibility with historic neighborhood patterns. ***Most successful examples of this have happened in neighborhoods with very active associations and when projects have included city and/or housing not-for-profits. Some less successful examples exist where private interests and/or local jurisdictions have not included full participation from neighborhood residents and/or property owners.***

10. Significant new residential construction, regardless of density and configuration, is to be constructed only in the presence of, or in conjunction with sufficient levels of public services and facilities. Housing specifically intended to serve low—and moderate—income and student populations is to be built within reasonable proximity to major shopping facilities and established public transportation routes. ***Most of the new housing construction is locating where land is available and reasonably priced. Utilities are either in place or extended by the developer. Since 1981 most new housing construction has been in residential expansion areas identified by the land use plan for development. The City of West Lafayette is making a concerted effort to encourage high density student housing in close proximity to the University. Near campus neighborhoods are targeted with programs to increase owner-occupied properties. In the City of Lafayette older neighborhoods in need***

of reinvestment are also targeted to increase owner-occupied properties. In both cities, home buyers who qualify can benefit from down payment assistance, grants and low interest loans through several not-for-profit housing organizations. Commercial development and bus service tend to follow residential development rather than the other way around.

11. In relation to established needs multi-family development should be encouraged on lands located near major activity centers. ***Recent multi-family construction in West Lafayette includes two types: senior and student-oriented housing. Senior projects (ex: Green Tree, University Place and Villas at Stonebridge) address the growing active senior population. Student projects (ex: The Lodge, State Street Towers and Chauncey Square) located near campus help to: 1. reduce traffic; and 2. reduce the number of students in older owner-occupied neighborhoods. Some projects constructed outside the city limits, but geared toward students, have happened without support from the West Lafayette administration (Willowbrook West, College Park). Because these projects impact the city, coordination between county and city interests should be encouraged. New multi-family construction in Lafayette is primarily on the urban fringe. Established neighborhoods are opting to downzone where possible and eliminate existing R3 zoning to protect and encourage homeownership and single-family land use. New higher density housing is being built away from the urban center in residential expansion areas.***

12. Federal and state agencies providing housing construction loans and rental assistance programs are to be encouraged to more closely monitor local housing needs in an effort to provide balanced and stable assistance to local residents and home builders. ***City staffs would like to see market analysis provided prior to awarding state and/or federal funds.***

13. Within a context of providing sufficient and appropriate housing to all segments of the community, special attention is to be given to meeting the housing needs of our community's lowest income families and elderly poor. In keeping with established Federal policy, scattered-site construction, infilling and mixed-income development are to be encouraged to prevent economic segregation within the community. ***Much of what is done is accomplished through agencies and not-for-profits in the older areas of town. Scattered site rehabs are used in neighborhoods in need of revitalization. Many new mixed income developments utilize planned development zoning to create mixed density and varied lot sizes to provide a variety of products. Much of this development is entry-level not necessarily low income housing. Low income senior housing is a growing community concern as the population continues to age. Depending on its location, mixed income development is not viewed as an asset to existing property owners who believe that their properties are devalued by the presence of lower priced houses and families earning less money. More work is needed in these areas.***

14. To further foster availability and affordability of housing in a changing economy, the local development community is to be encouraged to utilize available procedures to build new types of housing specifically designed to meet the needs of smaller households, save land costs and reduce required infrastructure, while providing sufficient living space and maintaining residential privacy. ***Scattered attempts have been made. Anything other than low density is generally unpopular unless the area immediately***

surrounding is already mid- to high density or if the housing product is upscale. Support from local jurisdictions is frequently difficult to achieve because of pressure from existing land owners who believe that only similar products and densities are acceptable and that anything else devalues existing properties. Continued efforts are needed.

History

A brief summary of previous Area Plan Commission (APC) activities and staff reports will help to illustrate the effort that went into the first Housing Element of the Comprehensive Plan for Tippecanoe County and work produced over the last three decades leading up to this update.

The Comprehensive Plan for Tippecanoe County was first adopted by APC in September 1981. The comprehensive planning process began by using a public participation program called "Plan It" to gather community input five years earlier, in July 1976. The community planning process generated a set of goals and objectives adopted by the plan commission and used by planning staff over the next five years while writing the plan.

Midway through the process, in February 1978, staff prepared a report on residential subdivision activity that was updated in 1979 and again in 1981. Later, beginning in 1990, APC staff started issuing annual reports for the school corporations updating residential subdivision activity within each school corporation boundary. APC, responsible for issuing building permits in Dayton, Battle Ground and (starting in 1996) Clarks Hill, compiled yearly data to show the trends of new residential construction in these three incorporated towns by including them in the department's annual reports dating back to 1986. Currently, a monthly report of building permit activity in all jurisdictions is prepared by APC staff. Combined, all these efforts have provided staff and commissioners with an accurate assessment of subdivision and construction activity in the county, indicating not only what the commission approved but also what happened as a result of commission activity, related to new residential zoning and housing production.

Countywide land use surveys, conducted in 1978, 1986, 1997 and 2003 are used to provide a snapshot assessment of all structures, including residential, and to gather information on land use, building condition and occupancy. Additionally, staff reports have been prepared over the years specifically for the Housing Element, thus establishing a supportive database useful for the development of housing policies.

Recent Plan Update Process

Because housing policies must be responsive to the needs of the entire community, various departments, agencies and not-for-profit organizations concerned with housing in Tippecanoe County were invited to provide input while writing the 1981 plan and again in 2003 for this update. In 1981, policy areas were broadly grouped within the context of availability, affordability and compatibility. Much has changed in our community during the years since the adoption of the 1981 Comprehensive Plan; however, the general policy areas established still address most of the concerns expressed by the community today, over 25 years later.

In 2003 a group of stakeholders began meeting to discuss housing needs in Tippecanoe County. Those participating represented local not-for-profit groups, government departments and agencies with a vested interest in affordable housing and smart growth including APC, Lafayette and West Lafayette Community Development Departments, Lafayette Housing Authority, Area IV Agency on Aging and Community Action Programs, Lafayette Neighborhood Housing Services and members from the Vision 2020, Land Use Action Committee.

Two primary outcomes resulted from the early stakeholder meetings. One, a decision driven by the members of the Land Use Action Committee of Vision 2020, was to update the Housing Element of the Comprehensive Plan. The community-based Vision 2020 Plan identified the update as an action step toward meeting the objective of planning for housing development using “big picture” thinking. The purpose of this objective is to consider local trends, growth issues, zoning and infrastructure requirements, population projections, special needs, and census data while meeting the housing needs of the community. An important component of the update was to encourage communication and cooperation among government agencies and community members in order to assure that institutions, housing providers and developers had the information necessary to offer housing appropriate for all of our residents. It was this focus that prompted the second outcome; the decision to update APC land use survey data, last conducted in 1997, by using volunteer labor provided by each of the organizations participating in the committee. Through the volunteer efforts described above, by the collection of land use information and later the data entry into a database developed by APC, the land use survey in 2004 was completed.

Deciding what new data to include in this housing element update and when to stop gathering it proved to be a greater challenge than first anticipated. There is no lack of information about the state of the housing industry nationwide. The housing market, home loans, property values and its effects on the national economy have changed drastically in just the past 4-5 years while working on this document. The need to complete the housing update and a proposal to produce an annual or bi-annual summary of the current housing market, population, income and employment estimates meant new information and research could be set aside for inclusion in future updates.

In early 2004, staff met with a small workgroup of private sector housing professionals working in real estate, land appraisal, residential development, land use law and banking. During two sessions workgroup members shared their opinions and expertise regarding the housing industry and local residential trends. The information gathered helped expand interest beyond the original stakeholder group and provided early direction toward areas of research to include in the plan update.

In 2005 early data collected from the new land use survey on building condition trends, 2000 Census information on population, household size and vacancy rates, and current building permit numbers were presented to local focus groups comprised of government departments, neighborhood associations, builder/developers, and real estate, appraisal and banking professionals.

Current trends and community concerns common to the 2004 workgroup and the 2005 focus groups include:

- Encouraging responsive and responsible “Smart Growth” residential development and protection of prime farm land;
- Commitment to maintaining existing housing stock and preserving our urban neighborhoods;
- Fiscally responsible provision of public services, facilities, green space and amenities for new housing developments and upgrading these same elements in existing developments;
- Need for education and increased community awareness to address housing issues with negative community impact (foreclosure, falling property values, and deferred property maintenance);
- Migration of families to new development on the urban fringe in the county school district and the need for new development inside both West Lafayette and Lafayette school districts.

- Understanding the needs of low and moderate income households and trends in markets including empty nesters, student housing, rentals and starter homes;
- Need for accurate information on inventory, sales, cost and trends in the present housing market.

These areas of interest and community need represent a broad context of topics for study and analysis in the comprehensive planning process which will result in future housing policies and implementation.

HOUSING INVENTORY AND ANALYSIS OF THE EXISTING HOUSING SITUATION

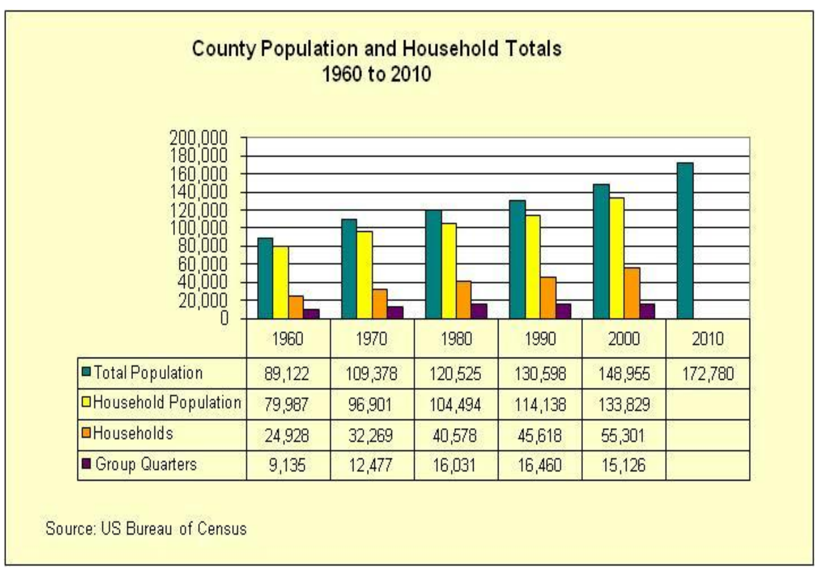
The purpose of this section of the Housing Element is to provide an overview of housing facts, figures and trends, to form a basis for determining future planning needs related to housing in Tippecanoe County. This section presents data available on: the basic characteristics of housing locally, the major indicators of housing condition, the cost of housing and the production of housing as measured by building permit and residential subdivision activity. Where information is available or appropriate to the discussion, the data is compared between three areas within the County: the Cities of Lafayette and West Lafayette and the unincorporated portions of the county outside the city boundaries. Some of the data, housing costs for example, are compared to larger geographic areas, (statewide, regionally or nationally), to assist in identifying the special characteristics of this county's housing situation. Finally, the strengths and weaknesses of the county's housing are summarized to provide a framework for the policies and guidelines to address present problems and meet future needs.

Basic Housing Characteristics:

Occupancy

During the decade between 1990 and 2000 the number of households in Tippecanoe County increased by over 21% while population increased by 14% (Figure 1). The demolition of several residential facilities on Purdue's campus is credited for the decrease in group quarter population between 1990 and 2000.

Figure 1: County Population and Household Totals 1960 to 2010

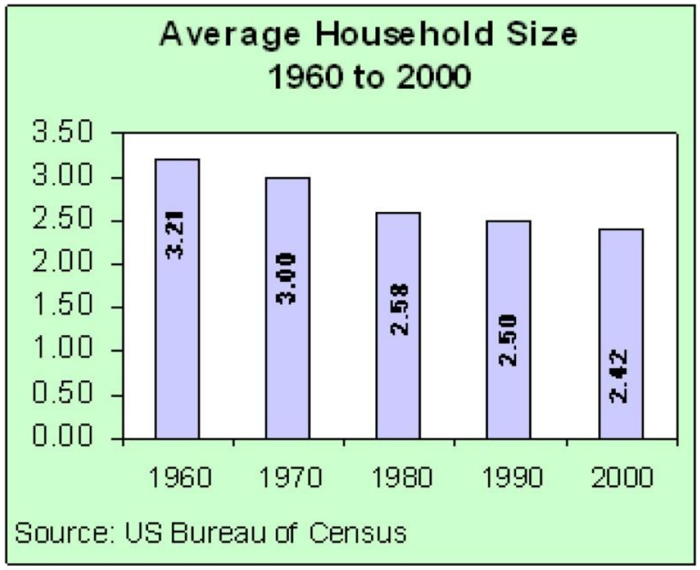


	1960	1970	1980	1990	2000	2010
Total Population	89,122	109,378	120,525	130,598	148,955	172,780
Household Population	79,987	96,901	104,494	114,138	133,829	
Households	24,928	32,269	40,578	45,618	55,301	
Group Quarters	9,135	12,477	16,031	16,460	15,126	

Studies examining household formation have found that population growth, change in age composition, and changes in marital status are keys in explaining local growth and the changing makeup of households.

While the number of households increased, average household size has decreased steadily for decades, from 3.21 in 1960 and 2.58 in 1980 to 2.42 in 2000 as a result of changes in economic conditions and lifestyle trends (Figure 2).

Figure 2: Average Household Size Change from 1960 to 2000



Nationally, some trends effecting household size include: an increase in the number of young people entering the housing market and living alone, increasing divorce rate and single-parent households, and an increase in couples who choose to have fewer or no children.

So while the population grew by 14% the demand for additional housing grew even faster because there are fewer people in each household requiring a greater number of dwellings to house the increase in population.

Number of Housing Units

According to the 2000 Census there are a total of 58,343 housing units in Tippecanoe County. This number is an increase in units of just over 21% from 1990 (Table 1 and Figure 3). In Lafayette, the number of housing units grew at a remarkable rate of nearly 33% between 1990 and 2000, a tremendous difference over the increase of only 5.5% during the previous decade.

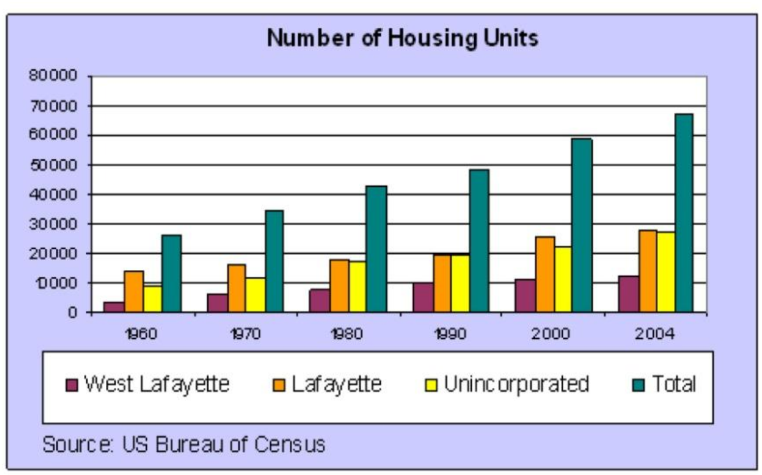
Table 1: Number of Housing Units and Percent of Change

	1960	1970	%	1980	%	1990	%	2000	%	2004	% 4 years
West Lafayette	3532	6195	**75.4%**	7,528	**21.5%**	9,465	**25.7%**	10,819	**14.3%**	12,095	**11.8%**
Lafayette	13937	15999	**14.8%**	18,261	**14.1%**	19,259	**5.5%**	25,602	**32.9%**	27,602	**7.8%**
Unincorporated	8905	12003	**34.8%**	17,037	**41.9%**	19,410	**13.9%**	21,922	**12.9%**	26,978	**23.1%**
Total	26374	34197	**29.7%**	42,826	**25.2%**	48,134	**12.4%**	58,343	**21.2%**	66,675	**14.3%**

Source: US Bureau of Census

The increase in Lafayette can be attributed in large part to newly annexed neighborhoods on the south side of the city and the new construction occurring within those areas now served by city water and sewer. In West Lafayette the increase in housing units since 1970 shows a relatively even growth trend compared to the short growth spurt between 1960 and 1970 caused by an increase in Purdue student enrollment and annexation resulting in a 75+%

Figure 3: Number of Housing Units in Tippecanoe County



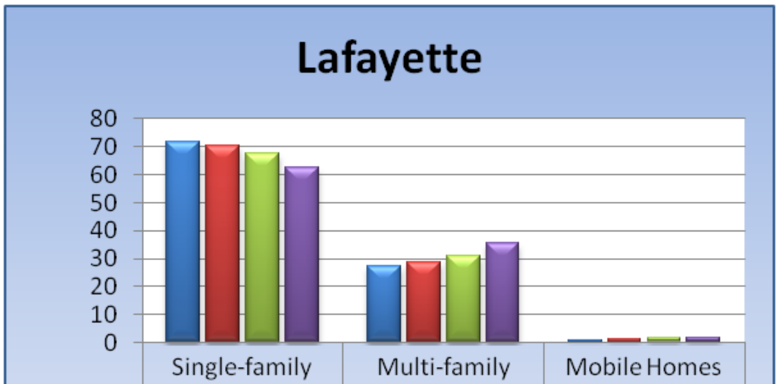
change in total units. Purdue University enrollment has held fairly steady in the recent past; however West Lafayette might experience another growth spurt in the coming years as a result of 1,173 acres having been annexed into the city in August 2006. In the balance of Tippecanoe County, since 1970, most residential development has occurred in the urban area fringe just outside the city limits of Lafayette and West Lafayette. Following a record setting year in 2004, staff recalculated a new total of housing units for the county by adding new units from building permit data between 2000 and 2004 to the 2000 Census figures.

This showed that the overall number of housing units in Tippecanoe County increased as much or more in the four years between 2000 and 2004 as it did during some previous ten year periods. More recent data indicates that our community has passed its peak in new construction and is returning to more typical numbers observed in the years leading up to the peak in 2004. (See building permit data included in Figures 26-29.)

Types of Housing

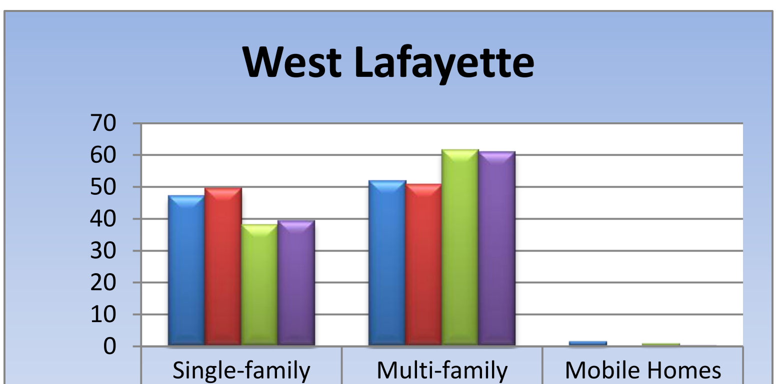
According to the 1978 APC windshield survey and the 1970, 1990 and 2000 census, there is a fairly consistent ratio of housing types within the two cities and the county when comparing single-family, multi-family and mobile homes. Figures 4, 5 and 6 show the housing type by percent in Lafayette, West Lafayette and unincorporated Tippecanoe County for 1970, 1978, 1990 and 2000.

Figure 4: Percent of Housing Types - Lafayette



	Single-family	Multi-family	Mobile Homes
1970	71.8	27.4	0.8
1978	70.2	28.5	1.3
1990	67.4	31.1	1.4
2000	62.7	35.4	1.8

Figure 5: Percent of Housing Types – West Lafayette

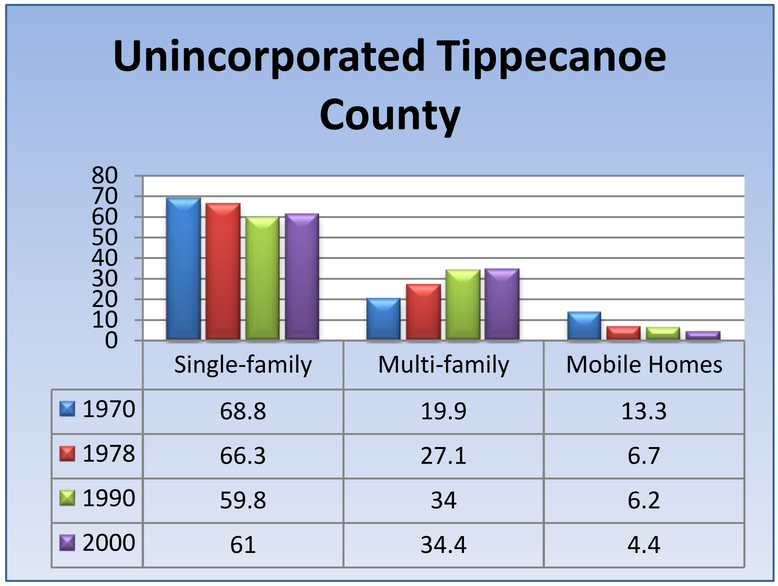


	Single-family	Multi-family	Mobile Homes
1970	46.9	51.8	1.2
1978	49.3	50.6	0
1990	38	61.3	0.6
2000	39	60.8	0.1

Two-thirds of the dwellings in rural unincorporated Tippecanoe County are single-family units. The same is true in Lafayette. While single-family units currently outnumber multi-family (Figures 4 and 6), the consistent trend for both unincorporated Tippecanoe County and Lafayette over the last 30 years has been a steady decrease in the percent of single-family units and an increase in the percent of multi-family units. In contrast the breakdown of single-family units in West Lafayette versus multi-family is reversed to that in Lafayette and unincorporated Tippecanoe County (Figure 5). The majority of residences, roughly 60%, are multi-family due to the large student rental population. The common pattern among all areas though is the percent increase in multi-family to single-family units.

Both the proportion of and the number of mobile homes in rural unincorporated Tippecanoe County is on the decline; however, in the year 2000, at less than 5% of total units, it still exceeds that of Lafayette and West Lafayette combined.

Figure 6: Percent of Housing Types – Unincorporated Tippecanoe County



Tenure

The percent of owner-occupied units in Tippecanoe County as a whole decreased between 1980 and 2000 from 60% to 56% (Table 2), and is a trend consistent with what has been observed since 1960: 64% in 1960; 62% in 1970. The only increase of owner-occupied housing in Tippecanoe County occurred in rural unincorporated areas: growing from 64% in 1960 to 72% in 2000.

Table 2: Tenure of Total Housing Units 1960 to 2000 % of Owner vs. Renter Units

	1960		1970		1980		1990		2000	
	Owner	Renter	Owner	Renter	Owner	Renter	Owner	Renter	Owner	Renter
Unincorporated	64%	36%	67%	33%	66%	34%	67%	33%	71%	28%
West Lafayette	57%	43%	42%	58%	38%	62%	33%	67%	32%	68%
Lafayette	65%	35%	66%	34%	63%	37%	59%	41%	53%	47%
Total	64%	36%	62%	38%	60%	40%	54%	41%	56%	44%

The percent of renter-occupied units increased most in our urban areas. The overall trend in unit ownership observed is an increase of rental units in older, established areas of existing housing while owner-occupied properties are on the increase at the urban fringe where newly developed land is transitioning from agricultural to residential and commercial use. Within the city limits of West Lafayette and Lafayette, the ratio of owner to renter-occupied units has changed steadily since 1960. In West Lafayette alone the ratio has gone from 57:43 in 1960 to 32:68 in 2000. Considering these statistics, it is easy to understand the challenges for programs aimed at increasing owner-occupied properties in the near campus neighborhoods of West Lafayette.

Vacancy and Construction Activity

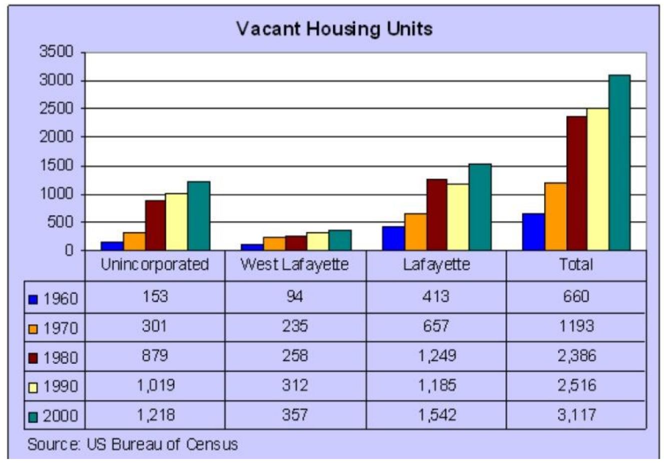
Acceptable vacancy levels vary from place to place, although typically a vacancy rate under 5% indicates that an area might be a good market for new housing. Tippecanoe County's net vacancy rate, defined as vacant units actually available for occupancy, increased significantly from 2.6% to 5.53% in the twenty years between 1960 and 1980 based on US Census Bureau data (Figures 7 and 8). In the 20 years since 1980, overall rates have not decreased but have instead maintained a steady rate. In 2000 the vacancy rates ranged from 3.3% in West Lafayette to 6.02% in Lafayette. Experience shows that in West Lafayette the census data is frequently skewed due to the high number of student residents and the time of year the information is collected. Despite this fact the numbers indicate that some of the areas in our community experiencing the highest growth are actually the least appropriate for large scale expansion in new housing.

At the same time, single-family housing construction activity has steadily increased. Increasing residential construction, without a decrease in vacancy rates and/or an increase in population from new jobs, creates an environment for oversupply especially in the existing housing market. Based on vacancy rates provided by the 2000 Census, the total number of unoccupied units is significant and construction activity has only recently slowed after record-setting construction levels during the years leading up to 2004 -2005.

In the area of multi-family housing, indications are that a large supply of units still remain following significant building activity in that sector in 2000 when a record 1,108 apartment units were constructed. Subsequent years' totals have been less, but still total 2,019 units constructed (2001 through 2005). Estimates from 2004 have local apartment vacancy rates between 15 and 18%.

The County is expected to grow at an average rate of about 800 persons per year through 2015 (see the section entitled, "Future Housing Needs," for further details). If we assume that as many as half of those persons will opt for multi-family living, 3,127 new apartment units would exceed the county's needs for nearly a decade. On a positive note, it appears based on declining numbers of building permits issued for apartment buildings and denial of recent R3 rezoning requests, our community recognizes the necessity of allowing the market to absorb the existing units built in excess of the immediate need before allowing additional construction.

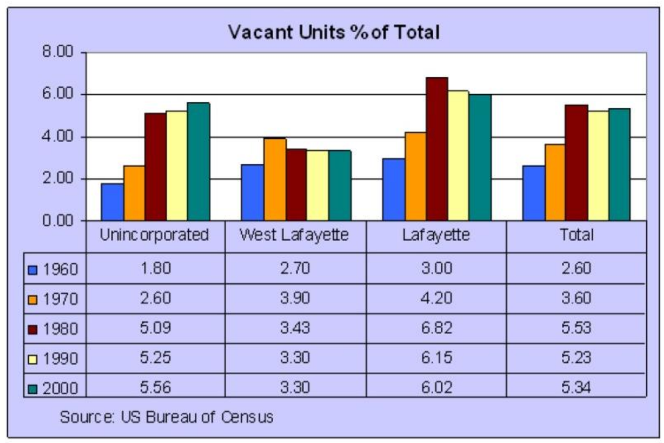
Figure 7: Number of Vacant Housing Units



	Unincorporated	West Lafayette	Lafayette	Total
1960	153	94	413	660
1970	301	235	657	1193
1980	879	258	1,249	2,386
1990	1,019	312	1,185	2,516
2000	1,218	357	1,542	3,117

Source: US Bureau of Census

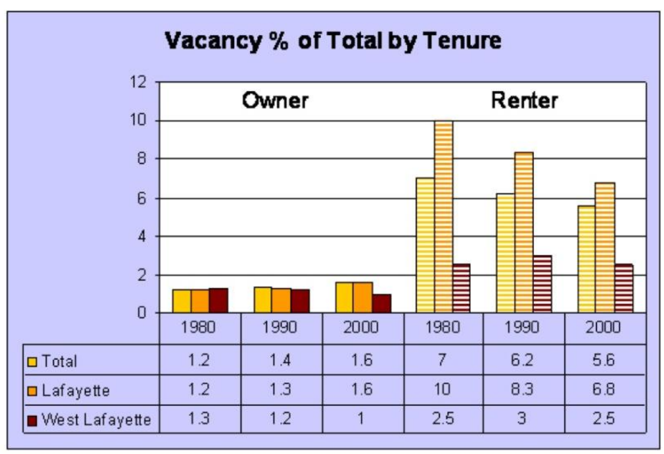
Figure 8: Vacant Units % of Total



	Unincorporated	West Lafayette	Lafayette	Total
1960	1.80	2.70	3.00	2.60
1970	2.60	3.90	4.20	3.60
1980	5.09	3.43	6.82	5.53
1990	5.25	3.30	6.15	5.23
2000	5.56	3.30	6.02	5.34

Source: US Bureau of Census

Figure 9: Vacant Units by Tenure



	1980	1990	2000	1980	1990	2000
Total	1.2	1.4	1.6	7	6.2	5.6
Lafayette	1.2	1.3	1.6	10	8.3	6.8
West Lafayette	1.3	1.2	1	2.5	3	2.5

Another issue facing the rental market is specific to rental unit owners and occurred when Indiana changed how it assesses property. Many landlords experienced tax increases beyond what the property could financially return. At a time when rents needed to increase to cover the cost of ownership, landlords were facing higher than usual vacancy rates and strong competition from apartment complexes attracting new tenants with discounts and homeownership incentives. The only complexes reporting low vacancy rates are those marketed to students in locations close to the Purdue campus.

Federally Assisted Housing in Tippecanoe County

Tippecanoe County has ten project-based Section 8 properties totaling 1,546 units. Lafayette has 708, West Lafayette has 346, and 492 project-based federally assisted units are located in unincorporated Tippecanoe County.

Three project-based properties are restricted to the elderly: Fowler Apartments with 102 subsidized units in downtown Lafayette, Friendship House with 200 subsidized units in two facilities in West Lafayette and Fairington on the outskirts of Lafayette.

The future of HUD project-based housing in the community might be affected by the Market to Market program. In the community, all project-based Section 8 contracts are currently annual, or will expire within the next year or two. If project owners determine that the market rate of the apartments exceeds the amount received through the subsidy program, they might decide to opt out of the program.

In addition to project-based subsidized housing, the Section 8 Voucher Program, administered through the Lafayette Housing Authority, Area IV Council on Aging and Community Services, is utilized to provide assistance to lower income renters' needs. As recently as 2005, 450 families were on the waiting list for Section 8 tenant-based assistance. Families eligible for vouchers will generally pay between 30 – 40% of their household income for rent and utilities. The remaining balance is paid by the program.

Lafayette Housing Authority administers 1,205 units of tenant-based housing vouchers in Lafayette and West Lafayette, up from 807 since 1998. An increase of almost 50% in ten years, this shows the need for rental assistance and affordable housing is growing not declining. Area IV Agency on Aging, Inc. administers 16 vouchers in the remaining balance of the county under a contract with the State of Indiana. The Housing Authority is required to assure that at least 75% of the households that enter the program are below 30% of the median area income at the time they first received assistance.

During the past ten years, Lafayette has experienced the development of over 500 rental units supported with either Low Income Housing Tax Credits (LIHTC) from the state or local tax abatement from the city. These units are developed specially for households earning at or below 60% of the median income, although in recent years, the LIHTC program has encouraged mixed income developments that integrate market rate units with incomes available to households earning as low as 30% of the median income. In addition to these projects, Lafayette Neighborhood Housing Services (LNHS) developed 74 units of senior housing at Historic Jefferson Center. Through the city development offices in Lafayette and West Lafayette, areas of the community with a concentration of households earning below the 80% median income are targeted for Community Development Block Grant funds to provide affordable units through not-for-profit housing organizations.

The City of Lafayette has awarded tax abatements to housing projects since 1990. A total of 348 units have been awarded abatement, many of these units have also received LIHTC.

In recent years, tax abatement for housing has become more limited and awards have been based on the number of units targeted to very low income renters, or those households earning below 50% of the median area income. Currently, there are only two housing projects within Lafayette that are still receiving tax abatement, the Lahr House with 74 units and the Historic Jeff project with 74 units.

Listed below are various grants, loans and forgivable loan programs that are available to low income households in rural areas of Indiana that can be used for the purchase of a home.

In Tippecanoe County, a four person household with an annual income of $48,560 could qualify for any or either of the following two examples of programs available:

> *First Home/PLUS* program provides down payment assistance for the purchase of a home and is available from the Indiana Housing Finance Authority (IHFA) now Indiana Community Development Housing Finance Authority (ICDHA). This program is available to households with an income at or less than 150% of the federal income poverty level. In 2000, all requests made were funded.
>
> The *Home Ownership Set Aside* program provides funding to potential homeowners for down payment, rehabilitation, or closing costs. Home Savings funds will match dollars provided by the household (including gift and grant money). Home Savings is one of the programs offered by the Federal Home Loan Bank of Indianapolis (FHLBI) and their member banks. Application for these grant funds is through a local bank. The local bank needs to be a member of the FHLBI. The Home Savings Program is open to households with an annual income of 80 percent or less of their area's median income.

Housing Conditions

There is no one indicator of housing condition, although problems related to structural and occupancy characteristics are normally the focus associated with poor housing conditions. A summary of available data pertaining to various external housing characteristics gathered during the 1978 and 2003 APC land use surveys, and specified housing deficiencies collected through the Census Bureau, are presented below as a basis for identifying and comparing housing conditions in Tippecanoe County over the last twenty-five years.

External Housing Conditions: 1978 and 2003

External housing condition data was collected in 1978 and 2003, in conjunction with the land use inventory of Tippecanoe County. During these windshield surveys, an inventory of various external housing characteristics was observed and the appropriate condition recorded. Between 1978 and 2003 the terms used to describe the characteristics changed; however the general definitions remained the same (i.e., A-good, B-fair, C-deteriorating or D-dilapidated terminology used in 1978, became: A-good, B-maintenance, C-repair and D-dilapidated in 2003. See Appendix A for condition definitions.) Observations of internal housing characteristics and interviews with occupants were not included in this survey.

Results of the 1978 and 2003 housing condition surveys are shown in Table 3. The Table displays a comparison of housing types by condition and year. In several instances dwelling unit categories changed slightly between the two collection periods.

- In 1978, single-family units were divided into: “residential” and “farm”, in 2003 these two different dwelling types were recorded together under “single-family”;

- In 1978, two-family and multi-family units were combined into one, in 2003 the two categories were recorded separately;

- In 1978 mobile home information was recorded as a separate category, in 2003 mobile home information was gathered in the field but not included in the database.

To compensate for the differences noted above, Table 3 includes combined totals for those separated categories and mobile home data from 1978 is shown in the table but is not included in the dwelling unit total.

Table 3: Comparison of 1978 and 2003 Building Condition by Housing Type

	Good		Fair / Maintenance		Deteriorating / Repair		Dilapidated		Total	
	1978	2003	1978	2003	1978	2003	1978	2003	1978	2003
Single-Family residential	21,234		1,541		703		219			
Single-Family farm	1,046		262		168		38			
SF urban/rural	**22,280**	**35,428**	**1,803**	**3,837**	**871**	**478**	**257**	**111**	**25,211**	**39,854**
2-Family		2,960		570		36		6		
Multi-Family		18,302		1,394		69		31		
2-Family/Multi-Family	**8,436**	**21,262**	**1,249**	**1,964**	**588**	**105**	**54**	**37**	**10,327**	**23,368**
Mobile Homes*	1,674		558		282		53			
Total	**30,716**	**56,690**	**3,052**	**5,801**	**1,459**	**583**	**311**	**148**	**35,538**	**63,222**
% of Total	86.4%	89.7%	8.6%	9.2%	4.1%	0.9%	0.9%	0.2%		

* For comparison purposes, mobile homes are not included in the 1978 DU totals because there is no corresponding 2003 data

Source: 1978 and 2003/04 APC Land Use Surveys

In 1978, 86.4% of the dwelling units observed were rated “A” or good condition. In 2003, 56,690 of 63,222 dwelling units were found to be in “A” or good condition which represents almost 90% of our existing housing stock. When comparing 1978 to 2003 results, the increase in A-good condition units represents a noteworthy change. In the fair/maintenance condition category, 8.6% of the units in 1978 were considered in B-fair condition while in 2003, that percent was 9.2% which is not a significant change.

In 1978, 4% of the dwelling units in Tippecanoe County were in C-deteriorating condition or in need of major repair. In 2003 that number was less than 1%. In 1978 1% of units were in D or dilapidated condition dropping to 0.2% in 2003, a decrease nearly the same as was observed in the previous category. Overall the trend observed shows a general improvement in the condition of dwelling units and fewer significantly sub-standard housing units.

In 1978 and 2000, single-family units made up 66.3% and 61% of the total number of dwelling units in Tippecanoe County respectively (Figure 6). As the predominant housing type, one would expect to find that a majority of the deteriorating and dilapidated dwellings consisted of single-family residential units; however a disproportionate number of single-family units accounted for the total number of dilapidated housing units: 82% in 1978 and 75% in 2003.

The smallest geographic area utilized by the census is called a “block”; several blocks are included in a “block group” and several “block groups” make up a single census “tract”. The two maps shown (Figures 10 and 11) give a quick view of the 2000 census block group boundaries in both urban and rural Tippecanoe County and the number and percent of residential units in those block groups classified in “A” good condition. Table 4 gives an overall, detailed summary of all 36 census tracts in the county, total number of housing units and the percent of those units found in each of the four building condition categories. Out of the 36 census tracts in Tippecanoe County, 19 of these tracts had 90% or more of its dwelling units in “A” condition, and in 15 of those, the percent of dwelling units in “A” condition was 95%. (See Figure 12 for a map showing the location of the 36 census tracts.)

Figure 10: Number and Percentage of Dwelling Units in "A" Condition – Urban/Suburban

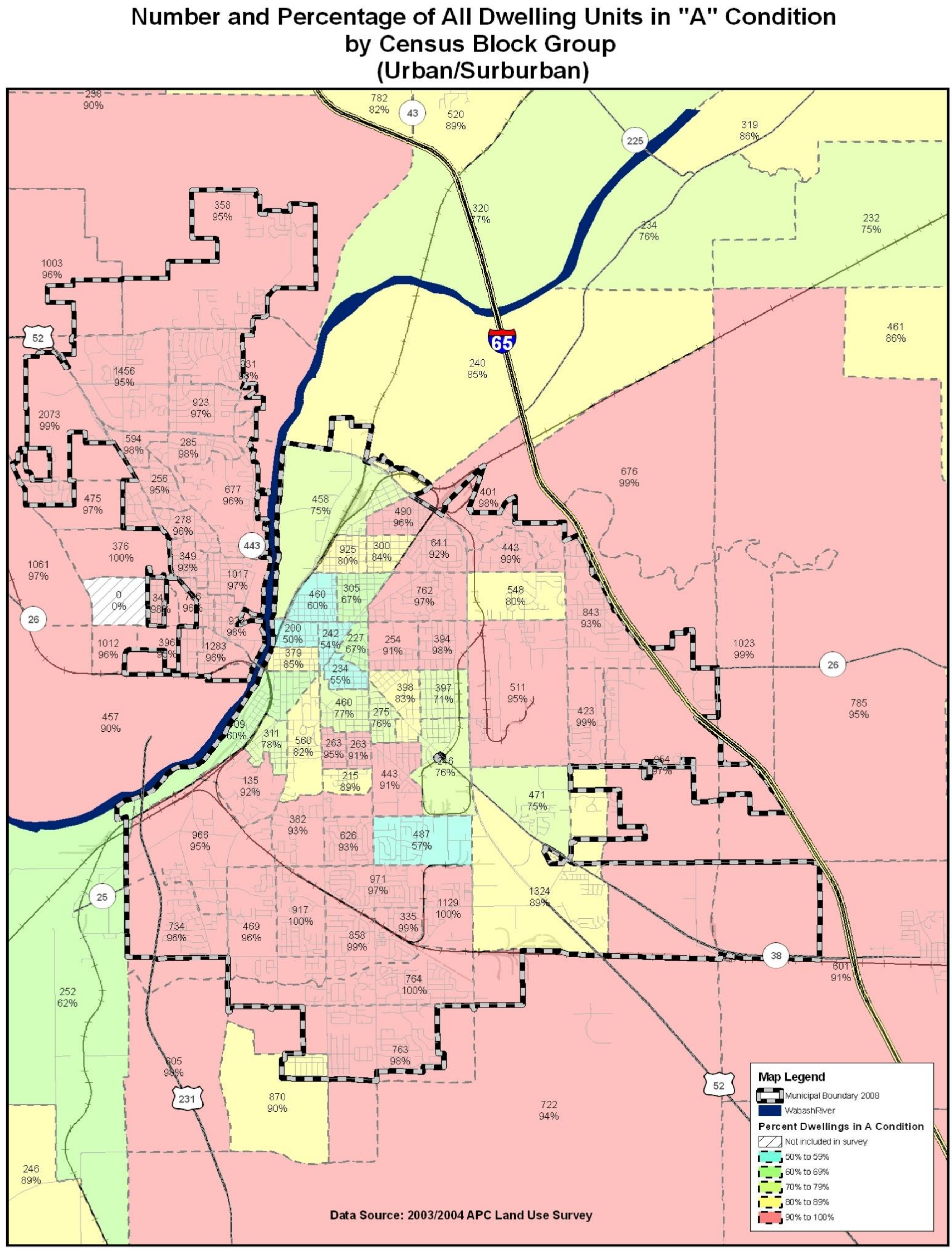
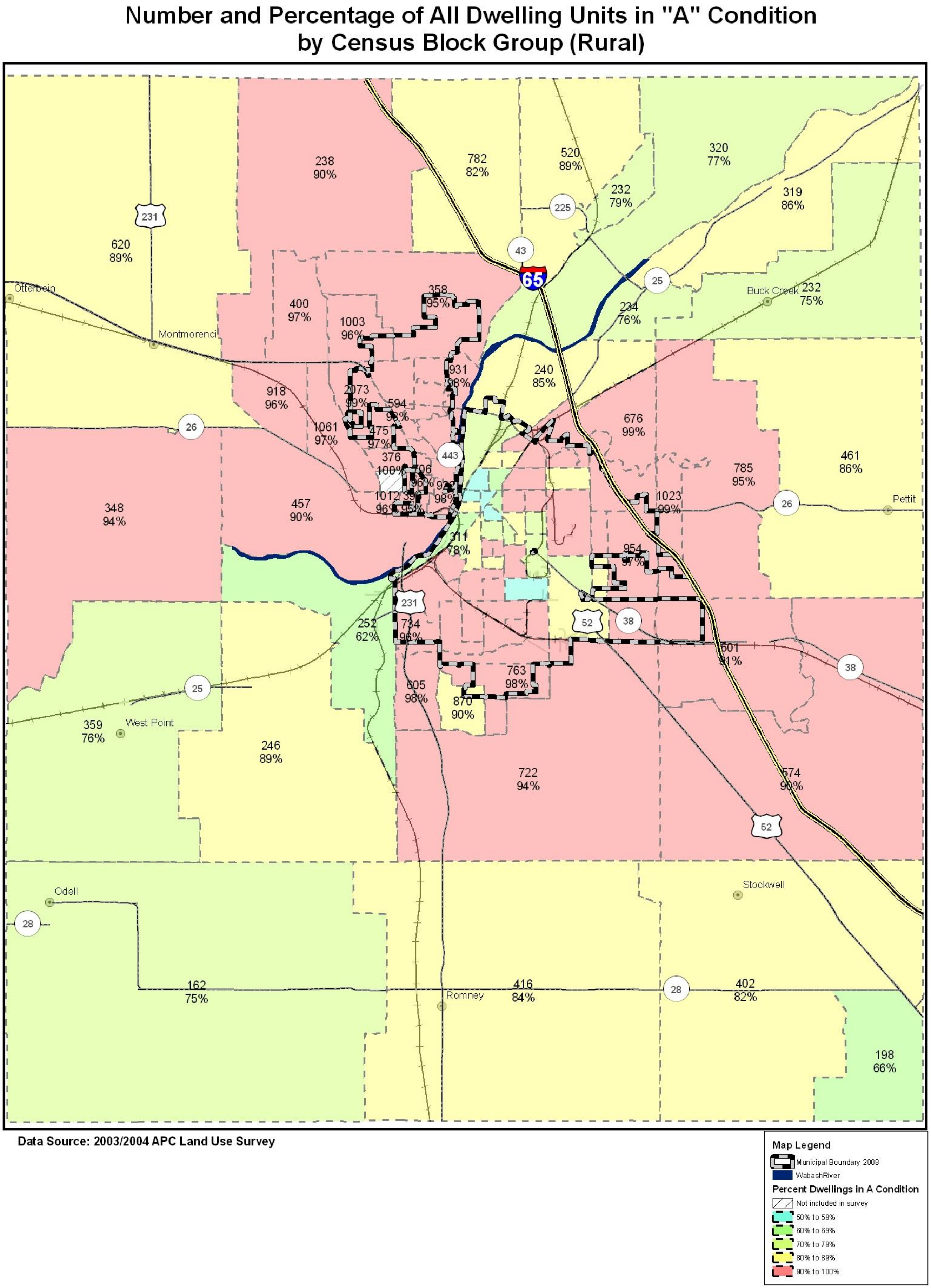


Figure 11: Number and Percentage of Dwelling Units in "A" Condition - Rural



In the City of Lafayette, over 95% of the dwelling units in census tracts to the south and northeast are in "A" condition (Tracts 14, 15.01, 15.02, 16 and 19). West of the Norfolk and Western Railroad and east to Earl Avenue, in the central part of the city, the percent of "A" condition housing drops to 72% - 78% (Tracts 2, 4, 7, 8, 9 and 13). All tracts in West Lafayette have over 95% of their housing in "A" condition. In unincorporated Tippecanoe County (Figure 10), the tracts immediately northwest of West Lafayette and northeast and south of Lafayette have the highest percentage of housing in "A" condition. Census tract 103, on the west side of

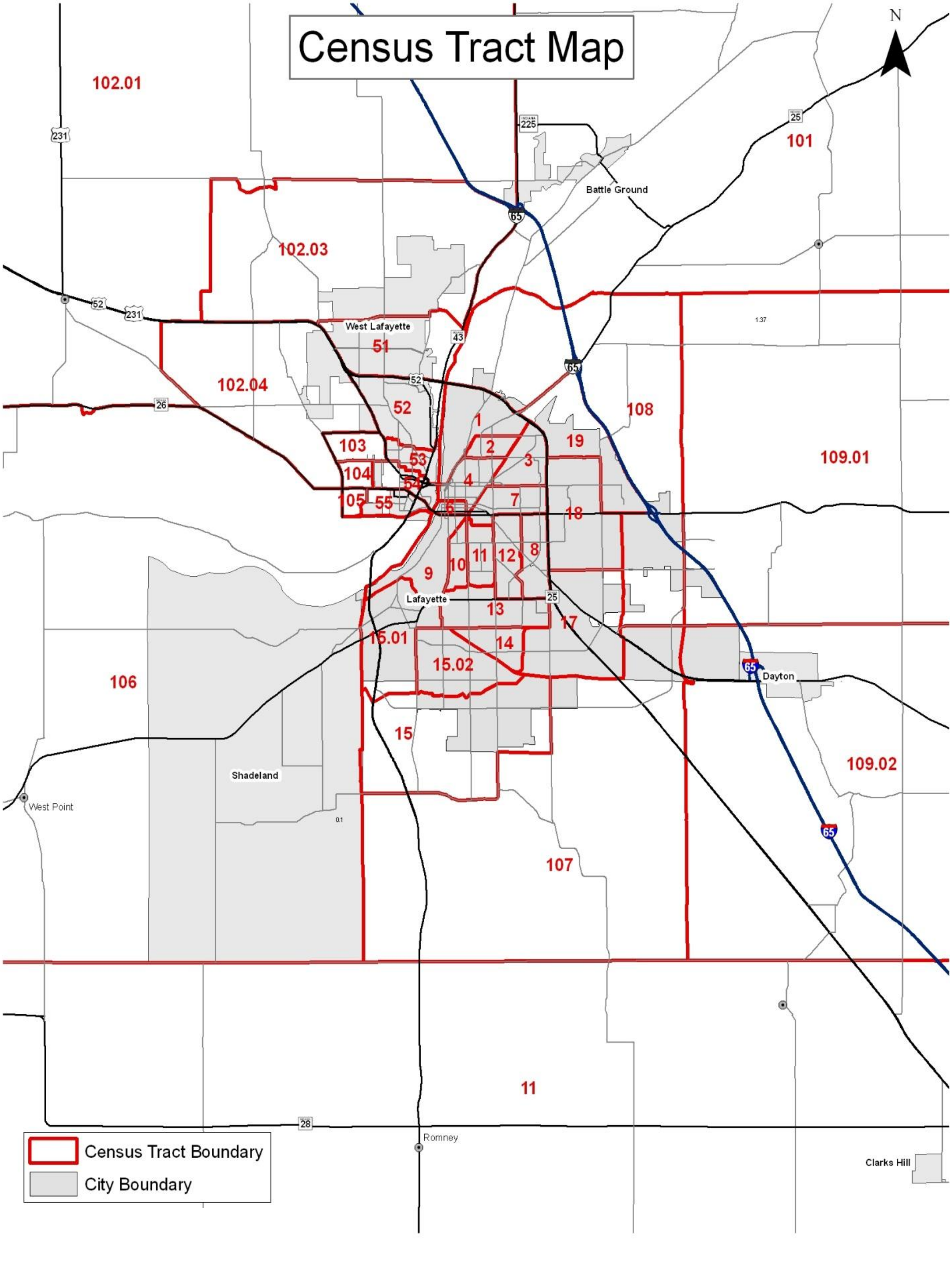
Table 4: Single-family/Two-family/and Multi-family Units Building Condition A,B,C,D

Building Condition A, B, C and D									Total
Tract2000	All As	%total	All Bs	%total	All Cs	%total	All Ds	%total	Units
(x) 1	948	84.6%	149	13.3%	22	2.0%	1	0.1%	1120
(x) 2	625	78.3%	146	18.3%	27	3.4%	0	0.0%	798
3	1403	94.7%	75	5.1%	2	0.1%	1	0.1%	1481
(x) 4	1207	58.2%	769	37.1%	64	3.1%	33	1.6%	2073
(x) 6	379	84.6%	65	14.5%	0	0.0%	4	0.9%	448
(x) 7	1109	76.8%	322	22.3%	11	0.8%	2	0.1%	1444
8	643	72.5%	210	23.7%	31	3.5%	3	0.3%	887
(x) 9	1173	75.3%	337	21.6%	41	2.6%	6	0.4%	1557
10	560	82.1%	118	17.3%	4	0.6%	0	0.0%	682
11	1201	85.3%	205	14.6%	2	0.1%	0	0.0%	1408
12	1116	83.9%	204	15.3%	4	0.3%	6	0.5%	1330
(x) 13	1495	77.2%	438	22.6%	2	0.1%	1	0.1%	1936
14	1306	97.3%	36	2.7%	0	0.0%	0	0.0%	1342
15.01	1700	95.3%	72	4.0%	10	0.6%	1	0.1%	1783
15.02	2244	98.6%	31	1.4%	0	0.0%	0	0.0%	2275
16	3002	95.8%	129	4.1%	1	0.0%	0	0.0%	3132
(x) 17	2924	89.9%	327	10.0%	2	0.1%	1	0.0%	3254
(x) 18	1482	89.9%	164	10.0%	2	0.1%	0	0.0%	1648
(x) 19	1687	95.9%	72	4.1%	1	0.1%	0	0.0%	1760
(x) 51	3310	96.3%	122	3.5%	5	0.1%	0	0.0%	3437
(x) 52	2090	96.7%	67	3.1%	4	0.2%	1	0.0%	2162
(x) 53	1366	95.6%	62	4.3%	1	0.1%	0	0.0%	1429
(x) 54	1968	97.3%	54	2.7%	1	0.0%	0	0.0%	2023
(x) 55	1679	95.5%	79	4.5%	0	0.0%	0	0.0%	1758
101	1857	81.6%	318	14.0%	76	3.3%	24	1.1%	2275
102.01	1640	85.5%	237	12.4%	37	1.9%	5	0.3%	1919
102.03	1761	96.0%	64	3.5%	7	0.4%	2	0.1%	1834
(x) 102.04	4551	97.6%	97	2.1%	11	0.2%	5	0.1%	4664
103	376	100.0%	0	0.0%	0	0.0%	0	0.0%	376
105	1012	95.8%	44	4.2%	0	0.0%	0	0.0%	1056
106	1662	81.8%	273	13.4%	80	3.9%	16	0.8%	2031
107	722	94.4%	35	4.6%	6	0.8%	2	0.3%	765
(x) 108	1870	96.1%	65	3.3%	7	0.4%	3	0.2%	1945
109.01	2269	94.7%	107	4.5%	12	0.5%	8	0.3%	2396
109.02	1175	90.8%	96	7.4%	17	1.3%	6	0.5%	1294
110	1178	78.5%	212	14.1%	93	6.2%	17	1.1%	1500
Total	56690	89.7%	5801	9.2%	583	0.9%	148	0.2%	63222

(x) = Census tracts where 50% or more of the households are low - mod income in all or some of its block groups
Green = Census tracts with lowest percentage of A condition dwellings : 80%-
Yellow = Census tracts with highest percentage of A condition dwellings : 95%+
Blue = Census tracts with highest percentage of D condition dwellings : 0.5%+

Source: 2003/04 APC Land Use Survey

Figure 12: Census Tract Map



the Purdue campus, is the only tract that shows 100% of its housing in “A” condition. (It should be noted however that except for the group quarters in Tower Acres, all housing in this tract is state-owned.) At the other end of the scale 0.2% of total dwellings in Tippecanoe County, or 148 units, were classified in “D” or dilapidated condition. Of those 148 units 106, or 71.6%, were located in seven census tracts. (The highest percent of D condition units are shown in blue, Table 4). The lowest percent of dwelling units in “A” condition are found in seven tracts with totals of less than 80% (shown by green in Table 4).

A cursory look at the tracts with the lowest percent of “A” and the highest percent of “D” condition units draws attention to those areas of substandard housing where intervention is needed; however one general piece of information cannot tell the whole story.

Table 5: Single-family/Two-family/and Multi-family Units Building Condition A,B,C,D

Tracts with Highest Number of A/B Condition

Tract2000	All As	%total	All Bs	%total	A+B	Total Units in A+B
x 2	625	78.3%	146	18.3%	96.6%	
x 4	1207	58.2%	769	37.1%	95.3%	
8	643	72.5%	210	23.7%	96.2%	
x 9	1173	75.3%	337	21.6%	97.0%	
14	1306	97.3%	36	2.7%	100.0%	1342
15.02	2244	98.6%	31	1.4%	100.0%	2275
x 55	1679	95.5%	79	4.5%	100.0%	1758
101	1857	81.6%	318	14.0%	95.6%	
102.01	1640	85.5%	237	12.4%	97.8%	
103	376	100.0%	0	0.0%	100.0%	376
105	1012	95.8%	44	4.2%	100.0%	1056
106	1662	81.8%	273	13.4%	95.3%	
107	722	94.4%	35	4.6%	99.0%	
109.02	1175	90.8%	96	7.4%	98.2%	
110	1178	78.5%	212	14.1%	92.7%	
					Total	**6807**

Tracts with Highest Number of C/D Condition

Tract2000	All Cs	%total	All Ds	%total	C+D	in C+D
x 2	27	3.4%	0	0.0%	3.4%	27
x 4	64	3.1%	33	1.6%	4.7%	97
8	31	3.5%	3	0.3%	3.8%	34
x 9	41	2.6%	6	0.4%	3.0%	47
14	0	0.0%	0	0.0%	0.0%	
15.02	0	0.0%	0	0.0%	0.0%	
x 55	0	0.0%	0	0.0%	0.0%	
101	76	3.3%	24	1.1%	4.4%	100
102.01	37	1.9%	5	0.3%	2.2%	42
103	0	0.0%	0	0.0%	0.0%	
105	0	0.0%	0	0.0%	0.0%	
106	80	3.9%	16	0.8%	4.7%	96
107	6	0.8%	2	0.3%	1.0%	8
109.02	17	1.3%	6	0.5%	1.8%	23
110	93	6.2%	17	1.1%	7.3%	110
					Total	**584**

Source 2003/04 APC Land Use Survey
(x) = Census tracts where 50% or more of households are low-mod income in all or some of its block groups
Green = lowest A condition
Yellow = highest A condition
Pink = combined A/B with 100%
Blue = highest D condition
Gold = combined C/D with total over 1%

Table 5 is the result of a closer study of building condition that began by combining the four building condition categories into two. In many cases a census tract with a low total in category A is found to have a relatively high total in category B. A and B condition dwelling units are not that dissimilar. For example, houses in B condition might have received the rating instead of “A” because of peeling window trim paint. With a little effort and expense, many B units could easily be upgraded to A. Next, C and D condition dwellings are combined because they too are not that dissimilar. Houses with deferred maintenance, in need of major repairs, could soon deteriorate to D condition due to roof leaks or missing siding that has gone unchecked. The outcome of this study, illustrated in Table 5, is two groups that include the five best A and B census tracts, (shown in pink) and ten worst C and D census tracts (shown in gold) based solely on building condition. With a goal of identifying those areas of the community where housing is at greatest risk, the group of ten worst C/D tracts becomes a target group.

Table 6: Study of Block Groups from Census Tracts with Highest percent Number of C/D Condition Dwelling Units

Census Block Groups and Percent of C/D Condition Dwelling Units

Block Group	**Total Res. Units**	Total Number of Res. C & D Units	% of Total Res. Units in C & D Condition	Total Number of Residential Units Vacant (2000 Census)	% of Total Residential Units Vacant (2000 Census)	Number of Sheriff Sales /Property Foreclosures (8/03-9/04)	% of Total Res. Units in Foreclosure (8/03-9/04)	two or more challenges (condition, vacancy, foreclosure or poverty)
181570002001	**356**	2	0.56%	17	4.78%	1	0.28%	
181570002002	**442**	25	5.66%	20	4.52%	10	2.26%	3
181570004001	**772**	11	1.42%	108	13.99%	4	0.52%	2
181570004002	**454**	0	0.00%	35	7.71%	5	1.10%	3
181570004003	**448**	65	14.51%	51	11.38%	0	0.00%	3
181570004004	**399**	21	5.26%	28	7.02%	0	0.00%	3
181570008001	**563**	27	4.80%	28	4.97%	8	1.42%	
181570008002	**324**	7	2.16%	11	3.40%	1	0.31%	
181570009001	**681**	41	6.02%	48	7.05%	3	0.44%	3
181570009002	**475**	0	0.00%	27	5.68%	0	0.00%	2
181570009003	**401**	6	1.50%	23	5.74%	1	0.25%	2
181570101001	**308**	12	3.90%	7	2.27%	0	0.00%	
181570101002	**370**	18	4.86%	14	3.78%	0	0.00%	
181570101003	**413**	24	5.81%	40	9.69%	3	0.73%	2
181570101004	**584**	12	2.05%	9	1.54%	3	0.51%	
181570101005	**292**	8	2.74%	16	5.48%	2	0.68%	
181570101006	**308**	26	8.44%	17	5.52%	3	0.97%	2
181570102011	**957**	15	1.57%	82	8.57%	0	0.00%	
181570102012	**263**	5	1.90%	14	5.32%	3	1.14%	2
181570102013	**699**	22	3.15%	16	2.29%	2	0.29%	
181570106001	**508**	11	2.17%	30	5.91%	1	0.20%	
181570106002	**404**	25	6.19%	65	16.09%	3	0.74%	2
181570106003	**371**	6	1.62%	19	5.12%	4	1.08%	2
181570106004	**473**	43	9.09%	24	5.07%	2	0.42%	2
181570106005	**275**	11	4.00%	10	3.64%	1	0.36%	
181570107001	**765**	8	1.05%	11	1.44%	2	0.26%	
181570109021	**659**	9	1.37%	33	5.01%	6	0.91%	
181570109022	**635**	14	2.20%	19	2.99%	3	0.47%	
181570110001	**302**	40	13.25%	21	6.95%	1	0.33%	2
181570110002	**488**	26	5.33%	19	3.89%	3	0.61%	
181570110003	**495**	20	4.04%	9	1.82%	3	0.61%	
181570110004	**215**	24	11.16%	7	3.26%	0	0.00%	

Sources: 2003/04 APC Land Use Survey: 2000 Census: 2003/04 Sheriff Department Foreclosure Property Sales

Gold = block groups with 50% or more low to moderate income households
Green = block groups with C/D building condition percent totals greater than 5%
Yellow = block groups with vacancy percentage totals greater than 5%
Blue = block groups with foreclosure percent totals greater than 1%
Block Group number format for 181570110004 = 18157 (county number) 0110 (census tract 110) and 004 (census block group number 4)

Poor building condition is a red flag, but more information is needed to identify all the issues that contribute to a property's decline. When concentrations of declining properties exist it can reduce the property value and appeal of entire neighborhoods. Intervention through public and/or private programs that address specific needs can turn a negative trend around but is dependent on adequate funding. Identifying target properties and negative influences before spending limited resources is critical to success. Factors to study might include, but are not limited to, poverty, cost burden, tenure, vacancy rates and age of housing.

In Table 6 the ten census tracts targeted as highest risk in Table 5 are compared with three other factors (vacancy rate, foreclosures and income level). Fortunately data in Table 6 is available in greater detail, turning 10 larger census tracts into 32 smaller divisions, called block groups, making the results increasingly focused. (The smallest census division is a "block"; however not all data gathered by the census is made available at this level. Several blocks make up a "block group" and several block groups compose a single "tract".) For example, properties in C/D condition are calculated at 4.7% of the total in census tract 4. However when further divided into four smaller block groups the individual percent totals are 1.42%, 0%, 14.51%, and 5.26% showing that the problem is not spread evenly over the entire tract but concentrated in a small area with a potentially bigger negative impact to the neighborhood.

Each of the four factors or challenges is ranked within the category. All block groups in a census tract where 50% or more of the households are low to moderate income are highlighted in gold. Building condition, in green, and vacancy rates, in yellow, are highlighted if the percent of total in the block group exceeds 5%. Foreclosure rate, in blue, is highlighted if the percent exceeds 1%. Finally any block group that has two or more challenges is noted in the last column. For the purpose of this study, those block groups highlighted in gold, denoting a high concentration of low and moderate income homeowners and with multiple challenges (part of Tract 2 and all of Tracts 4 and 9), are identified as pockets of housing in most need of intervention. The assumption made is that homeowners in these areas are the least likely to be able to afford necessary improvements and renters are less able to move to better, more expensive rentals. If funding allows for additional intervention the second group would be those block groups with multiple challenges but not highlighted (part of Tracts 101, 102.01, 106 and 110).

In Clarks Hill, dwellings in 4 of 32 census blocks are 100% A condition; dwellings in 15 of 32 blocks are 10% or higher C condition – ten times the county average; 5 of 278 properties were recorded in D condition; 88% total dwellings were in A and B condition compared to 99% county wide.

In Battle Ground, dwellings in 9 of 27 census blocks are in 100% A condition; no D condition dwellings were recorded; 98% of total dwellings in Battle Ground were in A and B condition

Figure 13: Clarks Hill Land Use Survey Building Conditions

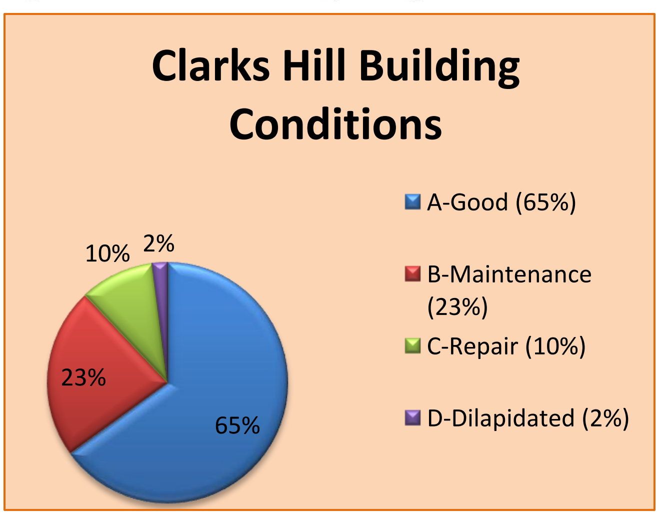
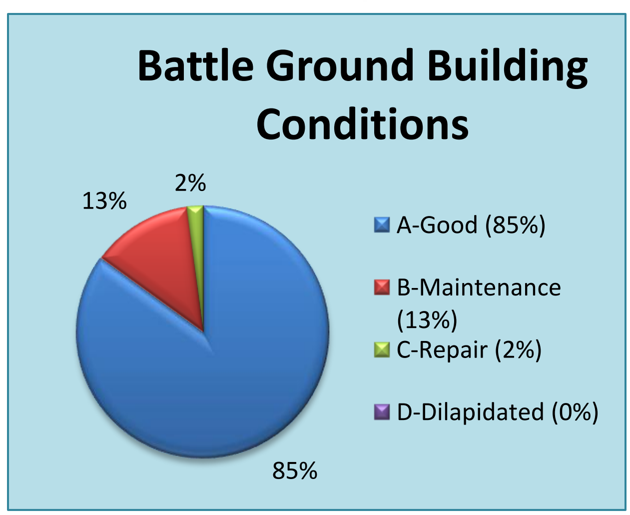


Figure 14: Battle Ground Land Use Survey Building Conditions



compared to 99% recorded countywide.

In Dayton, dwellings in 16 of 35 census blocks are 100% A condition; of the 19 remaining blocks 5 exceed the 90% countywide average; of 513 total properties only 1 was recorded as being in D condition; 99% of total properties in Dayton were in A and B condition the same as 99% countywide.

Figure 15: Dayton Land Use Survey Building Conditions

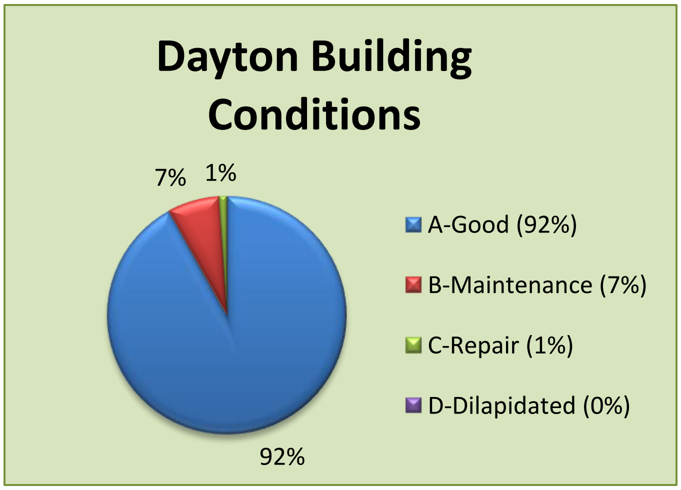
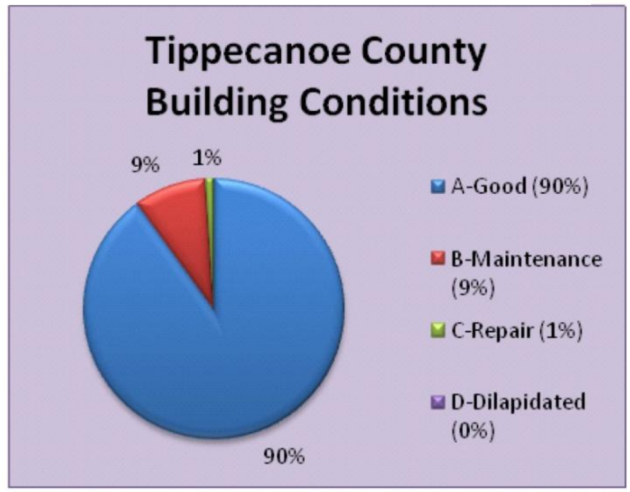


Figure 16: Tippecanoe County Land Use Survey Building Conditions



Households with Housing Deficiencies: 2000

The US Department of Housing and Urban Development (HUD) defines a housing deficiency as any or all of the following:

- a cost burden, in which the occupant(s) pay more than 30% of their income on housing, the burden is considered severe if more than 50%;
- overcrowding, more than 1.01 persons per room;
- incomplete kitchen, where the unit does not have all three: a sink with piped water, a range or stove and a refrigerator or
- incomplete plumbing facilities, which is described as a unit without all three: hot and cold piped water, a flush toilet and a bathtub or shower.

The cost of housing is considered a burden when the occupants pay more than 30% of their income on those costs. A cost burden is considered **severe** when the occupants pay more than 50% of their income on housing costs. Housing costs for renters include rent and utilities; housing costs for homeowners include the mortgage(s), utilities, taxes and insurance. Overcrowding is defined as 1.01 or more persons per room. The information in Table 7 gives a breakdown of the number of households in Tippecanoe County considered deficient based on the definition above. This information, from the 2000 Census, is broken down by the number of households and tenure (renter or owner-occupied). It is unknown how many of these units have more than one deficiency.

The data show that when using the HUD definitions for deficiency, the most common housing burden is cost of housing. The second most common deficiency is overcrowding. Overall a disproportionate number of housing units with deficiencies are found among renters compared to homeowners.

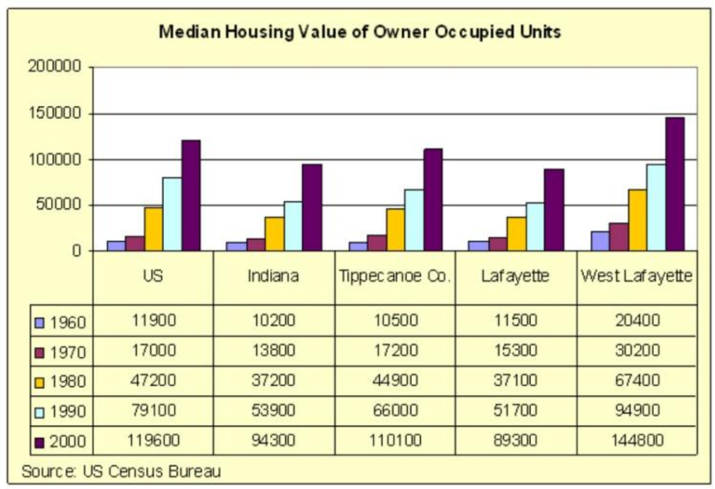
Table 7: Deficiency Status of Owner and Renter Occupied Housing Units in Tippecanoe County

Deficiency Status of Owner and Renter Occupied Housing Units in Tippecanoe County - All income levels -				
Owner-occupied units				
	with incomplete plumbing	with overcrowding	with cost burden of +30% of income	Total number of units
Number of units	64	390	4090	30882
Percent of total	0.2%	1.26%	13.2%	100%
Renter-occupied units				
	with incomplete plumbing	with overcrowding	with cost burden of +30% of income	Total number of units
Number of units	97	1568	9028	24322
Percent of total	0.4%	6.4%	37.1%	100%

Housing Value and Cost

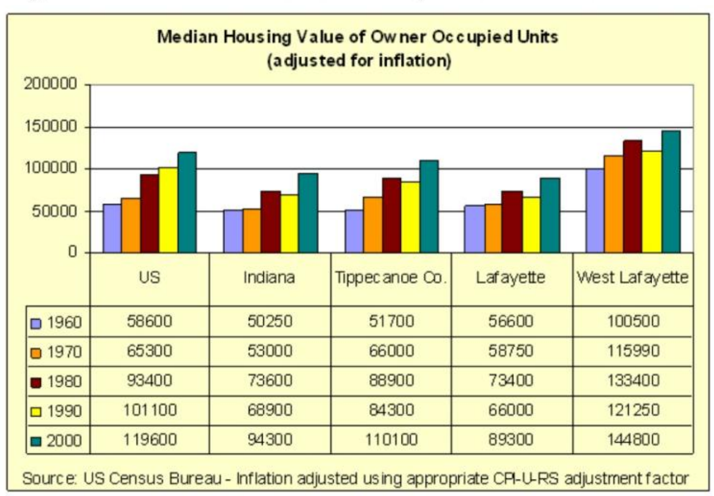
The value of housing in Tippecanoe County has followed the general upward trend of the nation during the last 40 years. Census data from 1960 through 2000 provides the best assessment of overall housing value and comparative costs (Figure 17). As can be seen in Figure 18 the median value of owner-occupied housing units, adjusted for inflation, has doubled since 1960. The value of housing in West Lafayette has consistently been nearly twice that of Lafayette. With the exception of 1990, state, county and city housing values have steadily increased. The nation experienced a modest 7.6% increase in median value between 1980 and 1990, while Indiana recorded decreases in median value of 6.8%; locally Tippecanoe County decreased 5.5%, Lafayette 11.2% and West Lafayette 10%. In 1960 Tippecanoe County and both cities recorded housing values that surpassed the state median value. In the ten year period that followed, Tippecanoe County, Lafayette and West Lafayette experienced increases in value of 21.7%, 3.7% and 13.4% respectively while the percent of increase in value for the state was less than 1%. That pattern changed after

Figure 17: State and Local Median Home Values



	US	Indiana	Tippecanoe Co.	Lafayette	West Lafayette
1960	11900	10200	10500	11500	20400
1970	17000	13800	17200	15300	30200
1980	47200	37200	44900	37100	67400
1990	79100	53900	66000	51700	94900
2000	119600	94300	110100	89300	144800

Figure 18: Local Median Home Values - Adjusted for Inflation



	US	Indiana	Tippecanoe Co.	Lafayette	West Lafayette
1960	58600	50250	51700	56600	100500
1970	65300	53000	66000	58750	115990
1980	93400	73600	88900	73400	133400
1990	101100	68900	84300	66000	121250
2000	119600	94300	110100	89300	144800

1970. In the last 30+ years, local housing values have increased but are falling short of the percent increase experienced at the state level.

To provide additional local perspective of how this community compares with national trends, information from the Lafayette Board of Realtors (LBR) was made available on the average price of existing single-family homes sold through that organization. While this information does not represent the average price of all existing homes sold, it does constitute a majority of all existing homes sold in the community and provides a basis for comparison.

Data shown in five year intervals over the past twenty years reveals that since 1985 the average price of an existing home has more than doubled (Table 8). However when adjusted for inflation the price increased by 14.9% during the period from 1985 to 1990 and decreased by as much as 4.4% between 2000 and 2005.

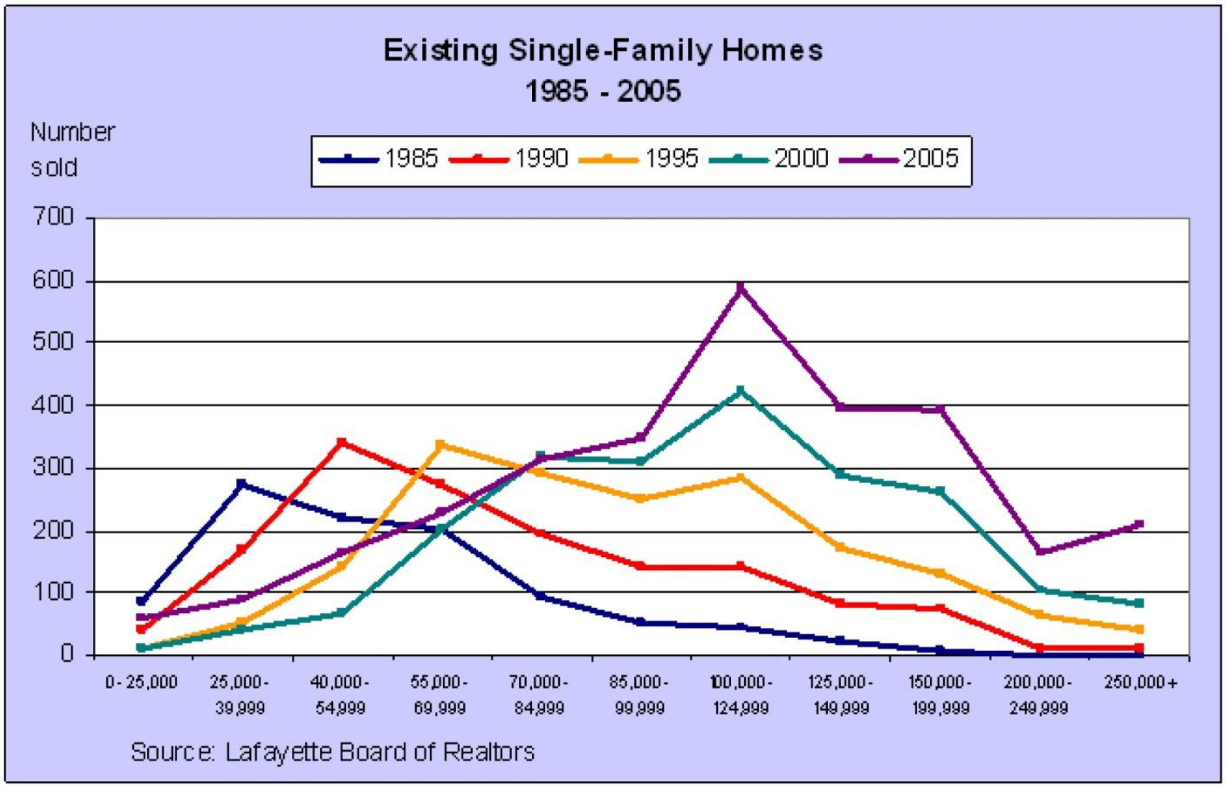
Table 8: Characteristics of Local Existing Housing Sales

		1985	1990	1995	2000	2005
Average Price		$54,729	$76,428	$100,909	$118,437	$128,304
Price adjusted for inflation		$99,336	$114,203	$129,314	$134,324	$128,304
Number Sold		1005	1486	1776	2178	2984
January Mortgage Rate		13.06%	9.94%	9.04%	8.31%	5.63%
Location	**S. Laf**	288	375	406	450	398
	N. Laf	117	169	159	155	156
	E. Laf	106	133	146	127	125
	W. Laf	154	178	181	181	210
	County	270	410	555	743	1102
	Non-Tipp	70	221	329	522	993
# of Bedrooms	**5+**	31	43	34	48	82
	4	250	354	445	511	710
	3	535	824	1023	1233	1740
	2 or less	189	265	274	322	421

Source Lafayette Board of Realtors

Annual average price distributions in Tippecanoe County for the years 1985, 1990, 1995, 2000 and 2005, obtained from LBR, and are shown in Figure 19. The predominant price range for each year is illustrated by the peak in the number of houses sold. The peak in 1985 was in the price range of 25,000 - 40,000. In the next two years (1990 and 1995) the price range with the highest number of homes sold moved up a full category to 40,000 – 55,000 and 55,000 – 70,000 respectively. The last two years on the chart, 2000 and 2005 have a noticeably greater number of houses sold; both peaked in the 100,000 – 125,000 range. 2005 was also the first time the highest home price category, 250,000+, had an increase in the number of homes.

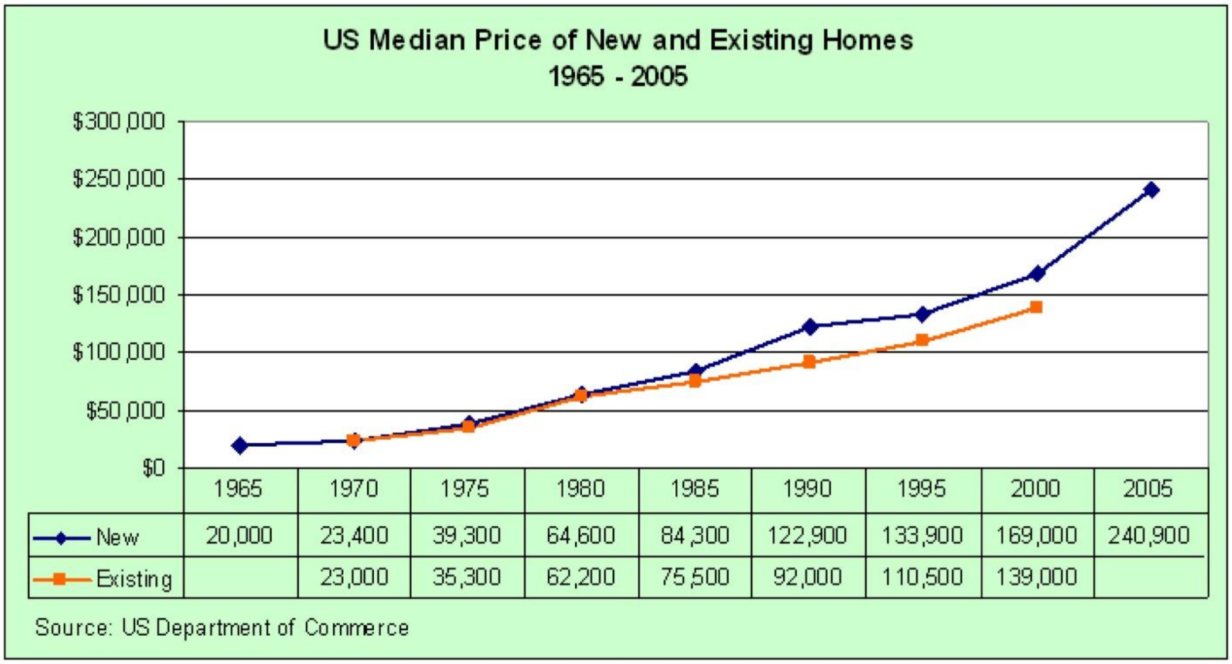
Figure 19: Average Sale Price of Existing Single-family Homes - Tippecanoe County



More recent indicators of actual market value of housing come from sales data collected by the US Department of Commerce. While this only reflects the value of houses that are sold on a national level it does provide a good picture of value changes over time (Figure 20). The data show that in the decade between 1990 and 2000 the median price of a new single-family home increased 37.5% from $122,900 to $169,000 and an existing single-family home increased 51% from $92,000 to $139,000.

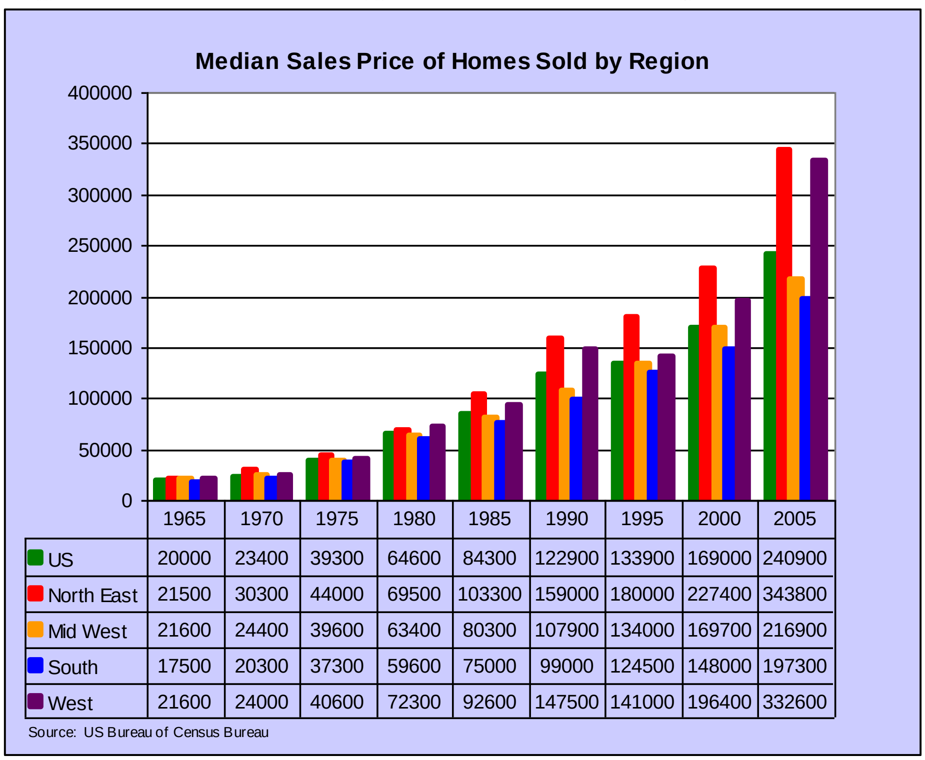
Nationally, data comparing sale prices of new versus existing single-family dwellings provide an interesting view of the market. Prior to 1980 there was little difference between the median price of a new and existing home. Beginning in 1985 the price of newly constructed homes started to outpace existing by 11.6% (Figure 20). By 1990 that gap grew to 33.5% and in 1995 and 2000 the difference leveled out at 21.1% and 21.5% respectively. Several factors might be used to explain the growing disparity. First and most apparent, the average size of new single-family homes has increased by 38% in the 20 year period from 1970 to 1990. Second, between 1980 and 1985 mortgage interest rates peaked at 17.49%.

Figure 20: US Median Price of New and Existing Single-family Homes Sold 1965-2005



As rates decreased, buyers were able to finance more. Next, the concept of tract or production housing continued to grow. The efficiency of building multiple homes at one time and in one location reduced the cost of building and passed the savings on to the buyer making the new house market increasingly popular. Last, financing of new housing has changed: traditional lending through banks saw more competition from mortgage brokers with fewer federal restrictions. Relaxed lending practices allowed different forms of creative financing, including no money down 100% financing. All these combined, along with a push to increase home-ownership at the national level, to create an environment favoring new homes over existing homes which had a negative

Figure 21: National and Local Housing Value and Median Incomes - Adjusted for Inflation



effect on our older, established neighborhoods.

In new construction, the Midwest has kept a fairly consistent pace with the national median sales price of homes since 1970 (Figure 21). Data on a national and regional level of both new and existing single-family sales between 1970 and 2000 show that median sales price of homes in the northeastern and western states began to outperform homes nationally beginning in 1980 and 1985 selling for 29% and 20% higher now than the median ten years ago.

In 2000 those numbers reached 35% and 16% higher than the national median. During the same time frame, new home sale prices in the Midwest went from 14% below the national median in 1990 to 0.4% above in 2000. Locally, figures collected only include sale prices of existing homes because most new construction is marketed directly through the developer and do not appear in the Real Estate MLS (multiple listing service). Data on existing home sales again show homes in western states consistently higher than the rest of the country. The Midwest does not however keep pace nationally as was shown in new construction sales. Median sales price of existing homes here have historically been lower than any other part of the country. Average price locally, depending on the year, has mirrored the fluctuation of prices in the Midwest median; within 1-5% plus or minus.

Housing Affordability

With increasing housing prices, foreclosures, the current slump in the economy and lagging personal income levels there is a growing concern that homeownership is becoming less affordable for many people throughout the nation.

In an article titled "House of Cards, Refinancing the American Dream" published in 2005, author Javier Silva cited the following sobering statistics that accurately predicted what happened prior to 2008:

- Households cashed out $333 billion worth of equity from homes between 2001 and 2003, the beginning of the refinancing boom—levels three times higher than any other three-year period since Freddie Mac started tracking the data in 1993.
- A majority of households that refinanced between 2001 and 2003 used cash equity from their homes to cover living expenses and pay down credit card debt, further eroding their homes' cash value, which many families rely on for economic security.
- Between 1973 and 2004, homeowner's equity actually fell—from 68.3 percent to 55 percent. In other words, Americans own less of their homes today than they did in the 1970s and early 1980s.
- In 2002, the financial obligations ratio— the percentage of monthly income to the amount needed to manage monthly debt payments —reached 18.56 percent, a single year record since data started being collected in 1980.
- The rise of appraisal fraud has fueled inflated home prices over the last several years. Even though it is underreported, appraisal fraud was the fastest growing type of mortgage fraud reported by major lenders in 2000, and could leave many homeowners owing much more than the true market value of their home.
- Homeowners who reduced their homes' equity during the refinance boom could suffer devastating effects if home prices begin to fall. As a result, a homeowner could owe more on their mortgage than the house is worth—known in the industry as being "upside down" in a house.

- As the Federal Reserve continues to raise interest rates, a mortgaged family with an adjustable rate mortgage will experience a significant increase in their monthly mortgage payments. The combination of higher mortgage payments coupled with rising costs of basic living expenses represents a growing financial threat.
- Home equity, a measure of family financial health, has fallen to its lowest level in thirty years.

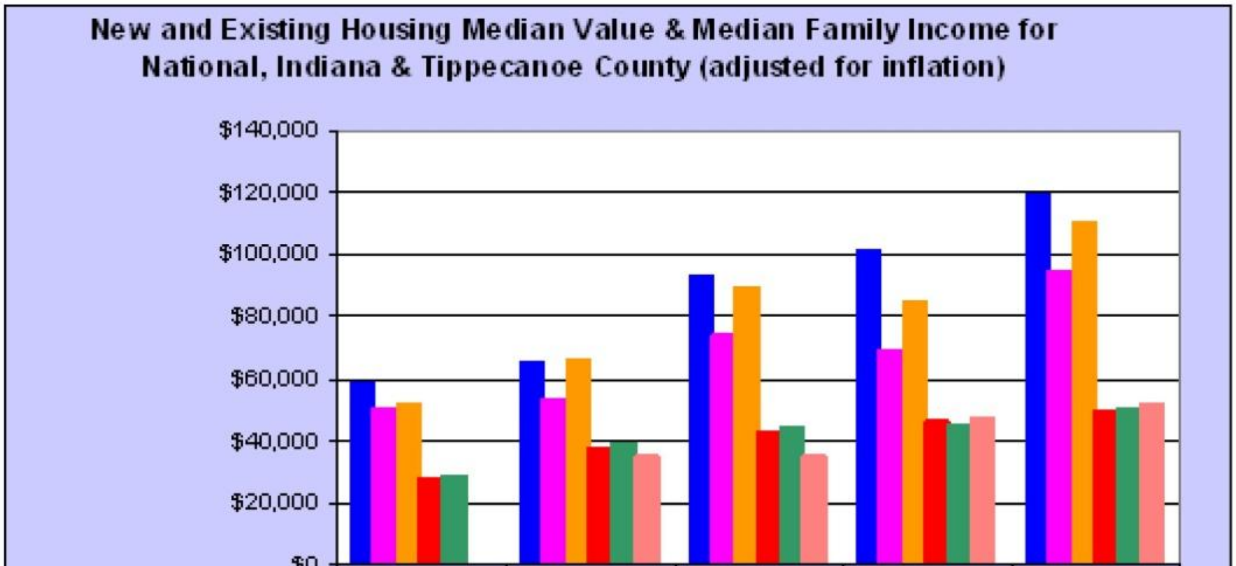
The author also wrote:

As middle-class families maneuver through an economy that has undergone dramatic changes in just a generation, the family budget is facing new and increasingly profound pressures. The financial obligations ratio—the percentage of monthly income to the amount needed to manage monthly debt payments—reached a single year high of 18.56 percent in 2002. Home equity, a measure of family financial health, has fallen to its lowest level in 30 years. Steady deregulation of the banking and financial industry since the 1970s has resulted in higher credit card interest rates and fees. Healthcare costs have risen by double digits over the last several years, and housing costs account for an increasing share of family income. Despite a slow recovery from the recession in 2001, incomes for the middle class have actually decreased.

In response to financial pressures, families have come to depend on high cost credit as a way to bridge the gap between stagnant or decreasing incomes and rising costs. How are families coping? To hang on to the American Dream, to be part of the ownership society, homeowners are relying on their homes' equity, a financial strategy fraught with serious consequences. As mortgage interest rates fell to record levels during the refinance boom, it became more appealing to cash out home equity during the refinancing process to pay down credit card debt and finance current living expenses—a short-term solution that fails to address the long-term economic realities faced by the average family. What's worse, recent Federal Reserve interest rate increases translate into higher mortgage payments for families who refinanced with an adjustable rate mortgage. The added burden of missing a mortgage payment results in putting at risk your home—your family's most important asset. All of these factors lead to a crisis in personal finance: a blurred line between good debt—debt that results in appreciable asset—and bad debt, which does not.

No single measure exists which provides a complete picture of affordability; however, a perspective can be gained by assessing several factors. One way to evaluate affordability is to compare change in the price or value of housing to change in a family's income.

Figure 22: National, State and Local Housing Values and Median Incomes - Adjusted for Inflation

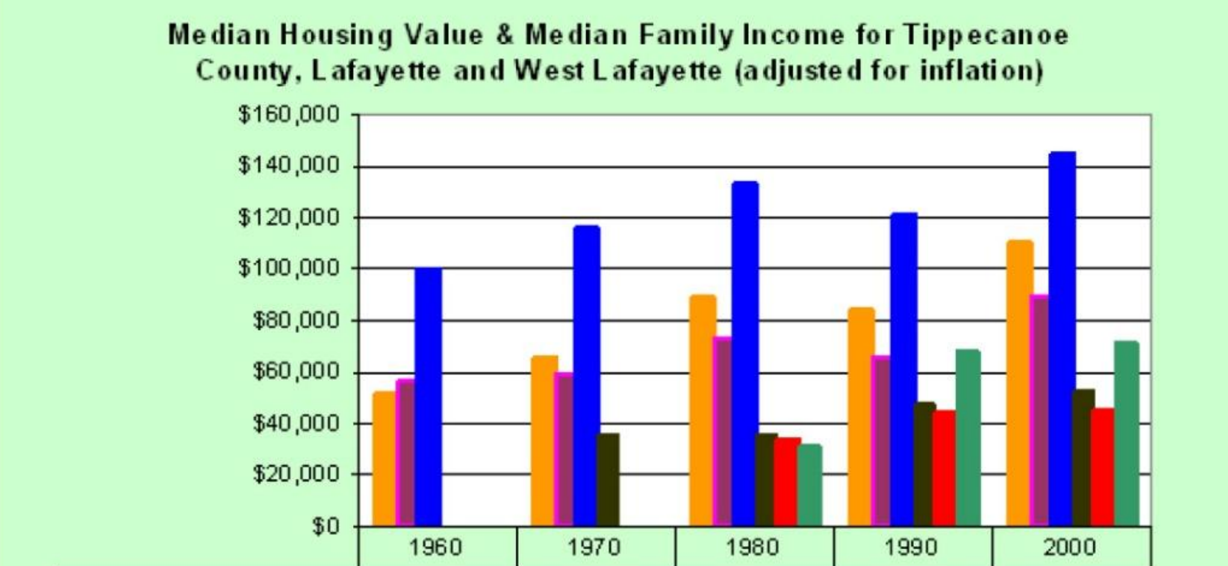


	1960	1970	1980	1990	2000
US - home $	58600	65300	93400	101100	119600
Indiana - home $	50250	53000	73600	68900	94300
Tippecanoe Co. - home $	51700	66000	88900	84300	110100
US - income	27632	37559	42609	45956	50046
Indiana - income	28306	39048	43932	44465	50261
Tippecanoe Co. - income		35,008	35146	47062	51791

Note: to account for inflation, the 1940 to 1990 median home value was adjusted to 2000 dollars using the appropriate CPI-U-RS adjustment factor. Median Family Income was adjusted for inflation using 1999 CPI-U-RS adjustment. Source : US Bureau of Census

Figure 22 compares two different indicators: the median value of owner-occupied single-family houses between 1960 and 2000, and median family income during that same time period. Beginning in 1970 the increase in family income has been less than the increase in home value. The largest jump in home value took place in the decade between 1970 and 1980 with the increase in income lagging behind the increase in home value. By 1970 median home value in Tippecanoe County outpaced home value in Indiana and has maintained that gap through 2000, but has consistently fallen short of the US median since 1980. Figure 23 shows how housing value and income compare locally.

Figure 23: County and City Housing Value & Median Income - Adjusted for Inflation



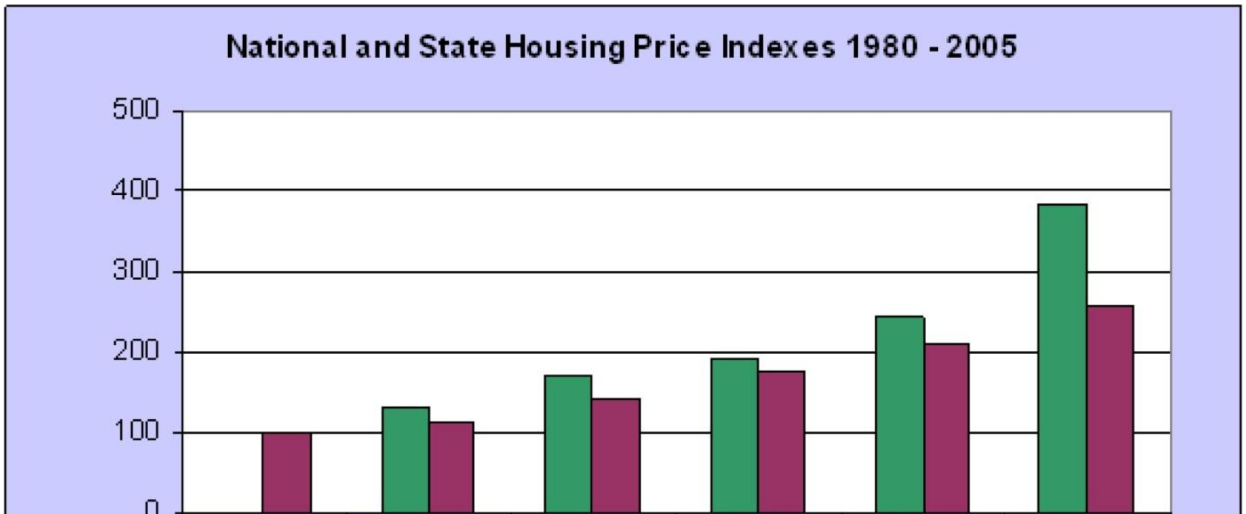
	1960	1970	1980	1990	2000
Tippecanoe Co. - home $	51700	66000	88900	84300	110100
Lafayette - home $	56600	58750	73400	66000	89300
West Lafayette - home $	100500	115990	133400	121250	144800
Tippecanoe Co. - income		35,008	35145	47062	51791
Lafayette - income			33842	44467	45480
West Lafayette - income			30896	68419	71510

Note: to account for inflation, the 1940 to 1990 median home value was adjusted to 2000 dollars using the appropriate CPI-U-RS adjustment factor. Median Family Income was adjusted for inflation using 1999 CPI-U-RS adjustment. Source: US Bureau of Census

Another body of information used to analyze National and Indiana house prices is tracked by the Office of Federal Housing Enterprise Oversight (OFHEO) in Washington D.C. The OFHEO's House Price Index (HPI), published on a quarterly basis, follows average house price changes in repeat sales or refinancing of the same single-family properties. OFHEO's index is based on analysis of data obtained from Fannie Mae and Freddie Mac from more than 31.2 million repeat transactions over the past 32 years. OFHEO analyzes the combined mortgage records of Fannie Mae and Freddie Mac, which form the nation's largest database of conventional, conforming mortgage transactions. In Figure 24 the HPI is shown for the Nation and Indiana. In Figure 22, Indiana median house value, though still below the National value, shows a trend of keeping pace with the National median. However compared to the HPI graph the information would suggest that Indiana housing prices are not keeping pace with the National average.

In a press release from OFHEO dated November 2007 it was reported that the HPI rose only 1.8% since the fourth quarter during the previous year 2006. This is the lowest four-quarter increase since 1995. The article went on to report, "Rising inventories of for-sale properties are clearly having a material impact on home prices," said OFHEO Chief Economist Patrick Lawler. "Until those inventories shrink, that will be a great source of resistance to price increases."

Figure 24: Housing Price Index 1980 - 2005



	1980	1985	1990	1995	2000	2005
US		130.92	170.42	191.53	244	384.75
Indiana	100	113.16	140.88	175.46	211.97	255.63

Affordability of housing can also be approached in a different way by showing the monthly cost of either rent or mortgage payment and the income necessary to support that payment. Table 9, adapted from a Table used in the Lafayette/West Lafayette Consolidated Plan 2005-2009, uses the average priced home in our local area and compares that to the median income of a four person household (these income figures assume the family of four has two incomes and two children). The data in the Table illustrates that under these circumstances, a family in Tippecanoe County earning the median income of $59,300 can support an average priced home of $128,760 and have a surplus of $18,640. However, a family earning less than the median income quickly falls short of being able to afford homeownership. Something additional to consider: this Table is based on the assumption that a family is able to afford spending 30% of its income on housing. The 30% mark is a “rule of thumb” commonly used but doesn’t necessarily translate to all income levels. A family income of $150,000 annually can budget 30% to housing and still comfortably afford other expenses. However a family income of $25,000 annually might not be able to budget 30% toward housing and still afford the most basic needs. Pushing people with lower incomes toward homeownership can cause major hardships. The quality of life for families unable to pay for such expenses as food, clothing and medical care because of housing costs is greatly reduced by sacrificing proper nutrition, medical care or by living in substandard housing and in many cases, all of the above. Table 10 shows the number and breakdown of households in our community that earn 80% and less of the median income by jurisdiction.

Table 9: Housing Affordability

Housing Affordability				
For a 4 person Household	**30%**	**50%**	**80%**	**100%**
At this % of the 2005 median, a yearly salary would be:	$17,800.00	$29,650.00	$47,450.00	$59,300.00
Which equals an hourly wage (40 hrs/week) of:	$8.56	$14.25	$22.81	$28.51
Minus 20% for estimated tax would leave you the following yearly "take home" pay of:	$14,240.00	$23,720.00	$37,960.00	$47,440.00
And a monthly salary of:	**$1,186.67**	**$1,976.67**	**$3,163.33**	**$3,953.33**
If you spend 30% of your salary on housing, at this wage level you could afford rent and utilities of:	$356.00	$593.00	$949.00	$1,186.00
Assuming that utilities run approximately $150 per month	$150.00	$150.00	$150.00	$150.00
The amount available to spend on rent	**$206.00**	**$443.00**	**$799.00**	**$1,036.00**
Most families spend approximately 50% on all other monthly expenses, such as telephone, transportation and food:	$593.33	$988.33	$1,581.67	$1,976.67
This is what you would have left to pay for: emergency expenses, entertainment, clothing, medical bills, etc.(20%)	$237.33	$395.33	$632.67	$790.67
To buy a house:				
If you spend 30% on housing, you can afford a payment of:	$356.00	$593.00	$949.00	$1,186.00
Less housing costs of:				
Taxes, property insurance	$140.00	$140.00	$140.00	$140.00
Utilities as listed above	$150.00	$150.00	$150.00	$150.00
Which leaves a mortgage payment, not including monthly charges for mortgage insurance or closing costs of:	$66.00	$303.00	$659.00	$896.00
This will support a mortgage (6%/30years) of:	**$11,100.00**	**$50,500.00**	**$108,000.00**	**$147,400.00**
The average purchase price in Tippecanoe county (2005) is:	$128,760.00	$128,760.00	$128,760.00	$128,760.00
The difference is:	**-117,660.00**	**-$78,260.00**	**-$20,760.00**	**$18,640.00**

Those who fair worst financially are identified in Table 10 as individuals and households that make 50% or less of the median income. In unincorporated Tippecanoe County and Lafayette, this portion of the community makes up 25% to 26% of the total number of households. In West Lafayette that number jumps up to 45% due to the influence of the significant Purdue student population. But in all cases, renters represent over 75% of those households defined as very low income.

It is important to ensure our communities have the right types of housing (by size and price range) to meet the needs of workers moving here in response to newly created jobs. In 2007, the Department of Urban Planning at Ball State University conducted a survey for the Builders Association of Greater Indianapolis (BAGI) and the Metropolitan Indianapolis Board of Realtors (MIBOR). The results are published in *Survey on Affordable Housing for Working Families in the Greater Indianapolis Area*. The survey studied ten counties in the Indianapolis area comparing the median priced home in each county, the income needed to afford that home, the median household income in each county and the incomes of several occupations including police officer and school teacher. In a similar exercise Figures 25, 26 and 27 compare the cost of a median priced home in Tippecanoe County, Lafayette and West Lafayette along with the wage needed to support that home; local, state and national median incomes; and the annual local income of six common occupations. Within each of the three local jurisdictions, the median income for a family of four is able to support the median priced home. In Tippecanoe County the median family income is slightly above the state and national median based on 2000 US Census data. Lafayette by contrast, is below the median for both. West Lafayette data shows a median family income at more than $20,000 over the state and national median.

Table 10: City and County Moderate, Low and Very Low Income Households

Tippecanoe County, Indiana - All Households			
Household by Type, Income	Total Renters	Total Owners	Total Households
Household Income <=30% MFI	6,735	1,008	7,743
Household Income >30% to <=50% MFI	4,633	1,889	6,522
Very Low Income(Household Income <=50% MFI)	11,368	2,897	14,265
Household Income >50 to <=80% MFI	5,334	4,611	9,945
Household Income >80% MFI	7,496	23,003	30,499
Total Households	24,198	30,511	54,709

Lafayette(CDBG), Indiana - All Households			
Household by Type, Income	Total Renters	Total Owners	Total Households
Household Income <=30% MFI	2,432	365	2,797
Household Income >30% to <=50% MFI	1,965	1,049	3,014
Very Low Income(Household Income <=50% MFI)	4,397	1,414	5,811
Household Income >50 to <=80% MFI	2,824	2,336	5,160
Household Income >80% MFI	4,089	8,520	12,609
Total Households	**11,310**	**12,270**	**23,580**

West Lafayette(CDBG), Indiana - All Households			
Household by Type, Income, and Housing Problem	Total Renters	Total Owners	Total Households
Household Income <=30% MFI	2,967	76	3,043
Household Income >30% to <=50% MFI	1,566	107	1,673
Very Low Income(Household Income <=50% MFI)	4,533	183	4,716
Household Income >50 to <=80% MFI	1,131	219	1,350
Household Income >80% MFI	1,323	3,036	4,359
Total Households	6,987	3,438	10,425

Source of Data: CHAS Data Book current 2000

Figure 25: 2000 Wages and Cost of Housing Comparison - Tippecanoe County

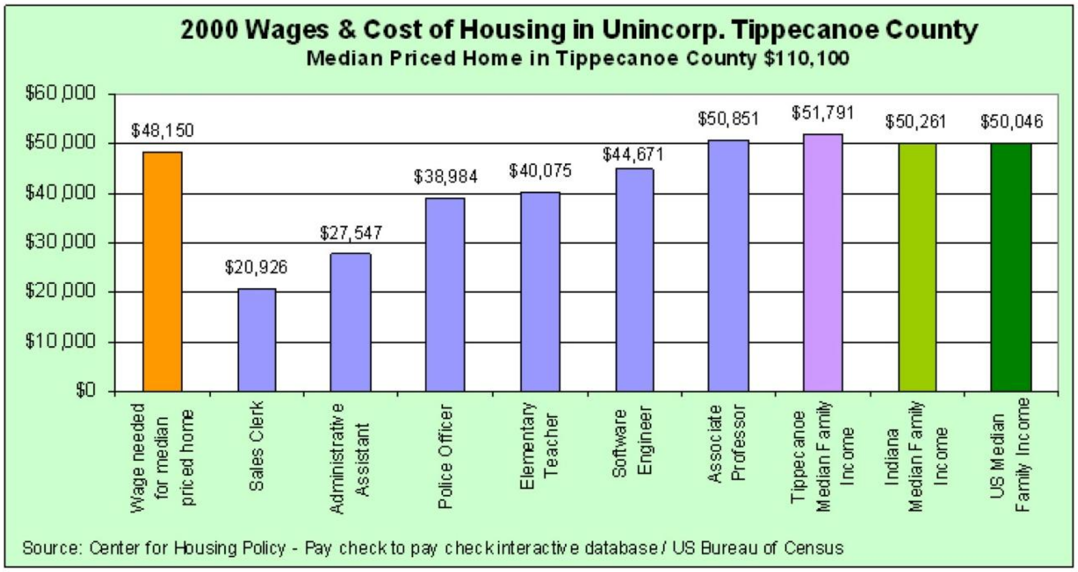


Figure 26: 2000 Wages and Cost of Housing Comparison - West Lafayette

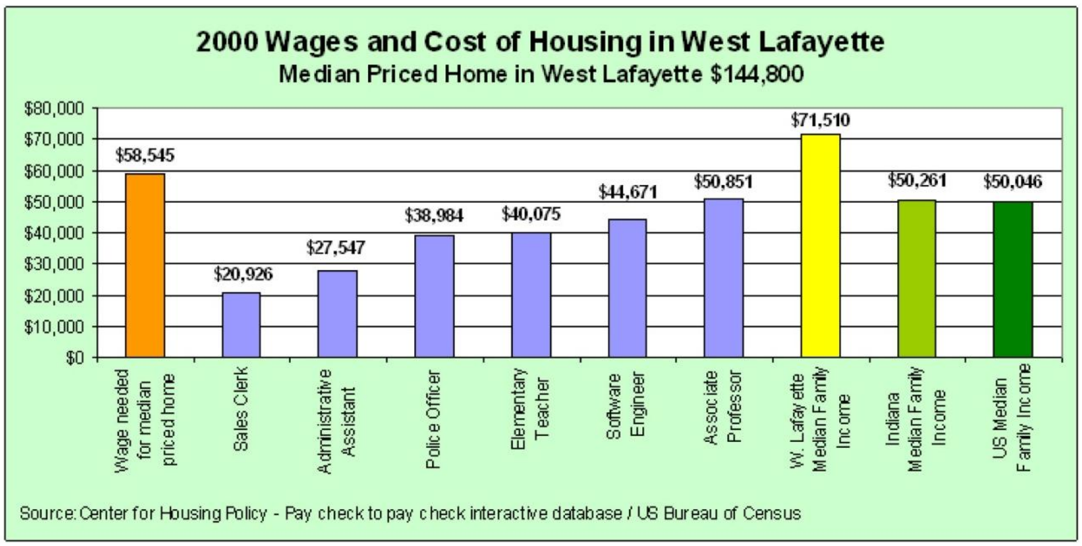
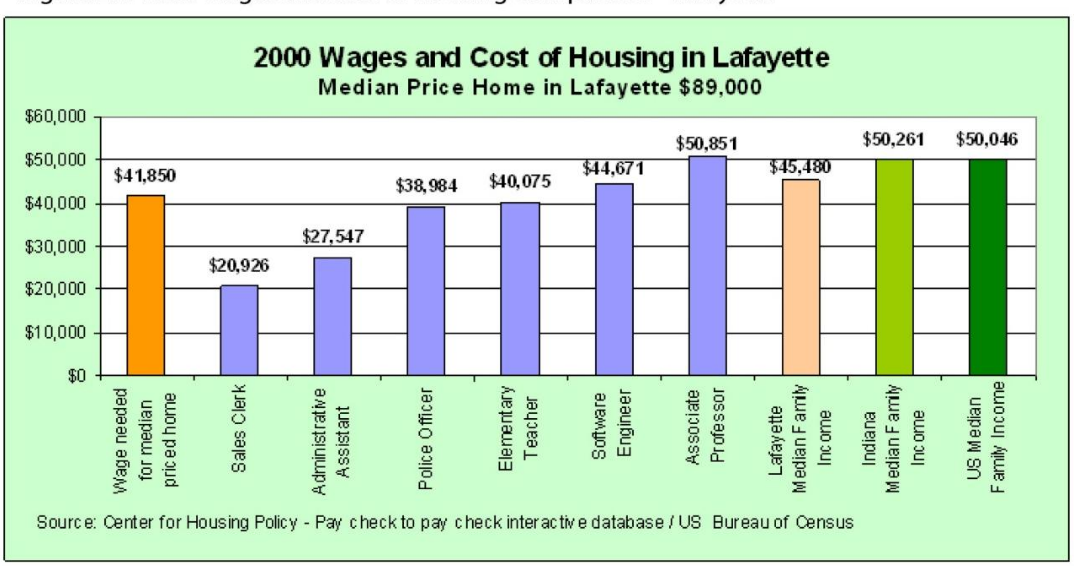


Figure 27: 2000 Wages and cost of Housing Comparison - Lafayette



The annual income figures used in the graphs provide evidence that while median priced homes are affordable to half of the households in our community, the buying power of families depends on two incomes to meet the financial obligation of homeownership. The single breadwinner household, common in years past, is less common now and leaves homeowners with few financial options during any interruption or setback in income. Too many homeowners have cashed out the equity in their homes to pay for unexpected expenses. In today's economic climate, unplanned events such as death, job loss, divorce or unexpected medical expenses place those with little equity in their homes at greatest risk of foreclosure. A study conducted in 2005 by First American Real Estate Solutions found that 29% of those who bought or refinanced homes in 2005 had zero or negative equity in their property. With so little invested there are some homeowners, who when challenged financially, will opt to abandon new mortgages.

Rental Costs, Supply and Demand

The demand for rental housing in Tippecanoe County can be seen by the increase in the percentage of rental households versus owner-occupied as shown earlier in Table 2. According to the 2000 Census, 44% of total housing units in Tippecanoe County were renter-occupied, which is an increase from 43% in 1990; and 40% in 1980. West Lafayette is predominately rental with over 68% of the households renter-occupied. Lafayette experienced the largest increase in rental units during the last decade of the 1990s due in part to annexations on the south side of the city containing several new apartment complexes coupled with a higher than average number of new multi-family units built during six out of the last ten years (Figure 28).

Between 2000 and 2005, building permits were issued for 383 duplex and 3127 multi-family units fueling the opinion that there is an oversupply of rental housing. Area management companies have reported vacancy rates of 15 - 18% giving further evidence of the abundance of available rental units.

In 2000 an inventory of monthly rents charged for Tippecanoe County's 24,334 specified renter-occupied units resulted in a median rent of $500. This was almost 50% higher than the median monthly rent in 1990 of $335 but a smaller increase than the 77.25% jump between 1980 and 1990 when the median was $189. The least amount of change was found in West Lafayette from 1990 to 2000 when the percent of change in rents amounted to only 29.98%. During the previous decade, 1980 to 1990, West Lafayette rents experienced a record increase of nearly 80%.

Table 11: Local Area Rents

2005 AREA RENTS						
Apartment Name	Location	Number of Bedrooms				
		Studio	1	2	3	4
HUD Fair Market Rents		**$456**	**$536**	**$661**	**$848**	**$1032**
Ashley Oaks	E. Lafayette	n/a	610	715	n/a	n/a
Bay Point	S. Lafayette	n/a	521	627	n/a	n/a
Peppermill	N. West Lafayette	n/a	534	674	944	n/a
Bluff's	Central Lafayette	399	429	699	n/a	n/a
Jefferson Commons	W. County	575	625	830	1065	1300
Presidential Villa	W. County	n/a	n/a	450	n/a	n/a
River Walk	Central Lafayette	n/a	600	680	950	n/a
Timber Ridge	E. County	n/a	505	580	n/a	n/a

Source: HUD and Tippecanoe Apartment Association Market Study: 2005

Rent data is most relevant when correlated with the ability of people to pay for adequate housing within the limits of their personal income (Table 9). A sample comparison of apartment rents from the Lafayette and West Lafayette Consolidated Housing Plan for 2005-2009 is reported above in Table 11. The comparison of rents is between apartment complexes in different areas of Tippecanoe County and the 2005 HUD fair market rents by number of bedrooms. Only two of the complexes are university student-oriented. As expected, the highest prices are those closer to campus driven by a constant supply of student renters.

Purdue’s student population has a significant effect on the surrounding community. In the fall of 2005 the university reported its enrollment at over 38,700 students; that number rose to 39,697 by the fall of 2009. As enrollment increases the impact on housing also increases. Until the last two decades the effect of student rentals has been felt primarily in West Lafayette, but now the effect can also be seen in the core neighborhoods of Lafayette and in the county just outside West Lafayette surrounding the university. The demand for student housing close to campus accounts for higher rents in West Lafayette. In the past decade the community has also experienced an increase in the occurrence of out-of-town parents purchasing single-family homes for their students to live in while attending school. Locally referred to as “kiddie condos,” parents have found that investing in a house and paying the mortgage for four years, supplemented by rent from several roommates, can significantly reduce the cost of college and in some cases provide a profit when the house is sold following graduation.

According to the West Lafayette Department of Development, the impact of student rentals is greatest in the older single-family neighborhoods citywide. In Lafayette, those neighborhoods most impacted with student rentals are centrally located near downtown, although student rentals are also beginning to affect both the north side and south end neighborhoods. In Lafayette areas that have historically been in high demand by lower income households, due to their convenient location to goods and services, have now become attractive areas for student housing, causing more low and moderate income families to concentrate in areas on the outskirts of the city. Often student housing developers would purchase several lots within a historically single-family urban neighborhood, demolish the houses and construct quick-built apartments, permanently changing the character of the neighborhood. The adoption of the new Unified Zoning Ordinance (NUZO) in 1998, plus neighborhood plans which led to downzoning of these neighborhoods was the principal cause for reducing that assault on historic urban neighborhoods.

HOUSING PRODUCTION

Residential Building Activity

Studies of both building permits and subdivision activity have been used to analyze residential building activity in the County. Annual building permit totals show the number, type and jurisdiction of new residential units and indicate trends in housing development. The subdivision data provides an assessment of residential subdivision activity in recent years and compares that with actual new housing starts. This quantifies how many available lots still remain undeveloped.

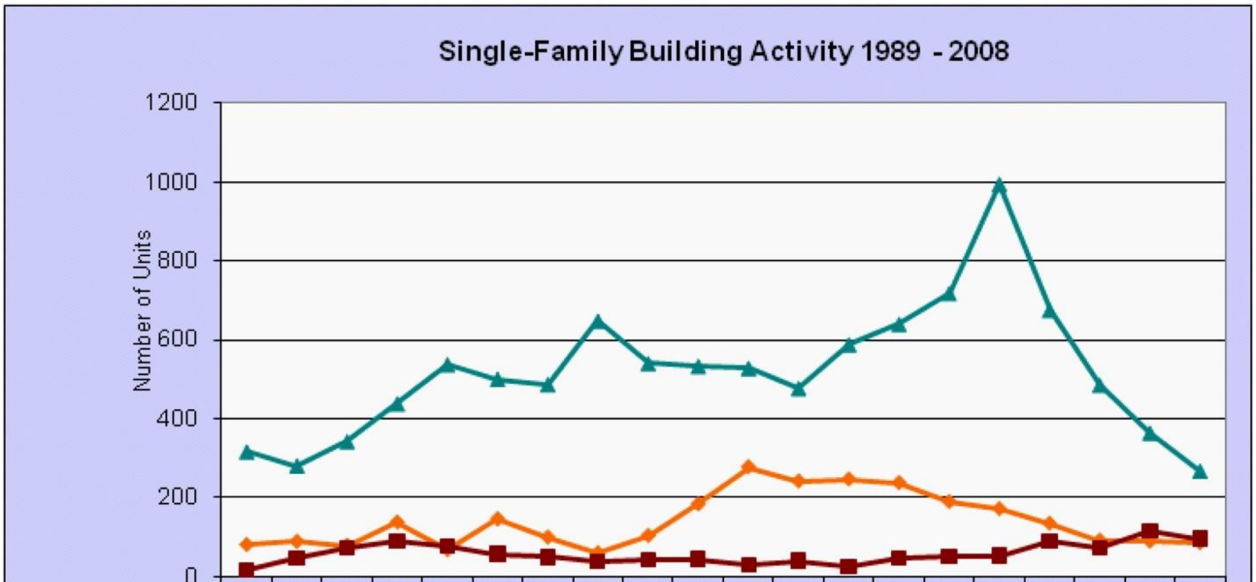
Building Permit Data 1989 – 2008

Building permit data can provide an indication of past and current housing activity. Using building permits as a measure of housing growth provides an approximation only, because the total does not necessarily represent a one to one correspondence between permits issued and structures subsequently built. However, building permit data provides a measure of where and how much building activity is taking place within the County.

Local building permit information was obtained from the City Engineer's Offices in West Lafayette and Lafayette, the Tippecanoe County Building Commissioner, and the Area Plan Commission. That data has been examined and divided into three categories: single-family, duplex, and multi-family units.

The data indicate that single-family dwelling units are the most prevalent new housing type in all of Tippecanoe County (Figure 29). With the exception of two years in the early 1990s and three years at the end of the 1990s, the majority of single-family homes were constructed outside the two cities in unincorporated Tippecanoe County during the past 19 years (Figure 29). The number of new single-family units outpaced the number of 2-family and multi-family units combined, seventeen out of the past nineteen years. New single-family home starts were consistently in the range of 666 to 760 units per year between 1992 and 1998. Single-family activity began to increase steadily starting in 1999 and peaked six years later in 2004 with a record of 1219 single-family permits issued. Since 2004 permit issuance has dropped off to numbers nearing the pre-1999 trend.

Figure 28: City and County Single-family Building Activity 1989-2008



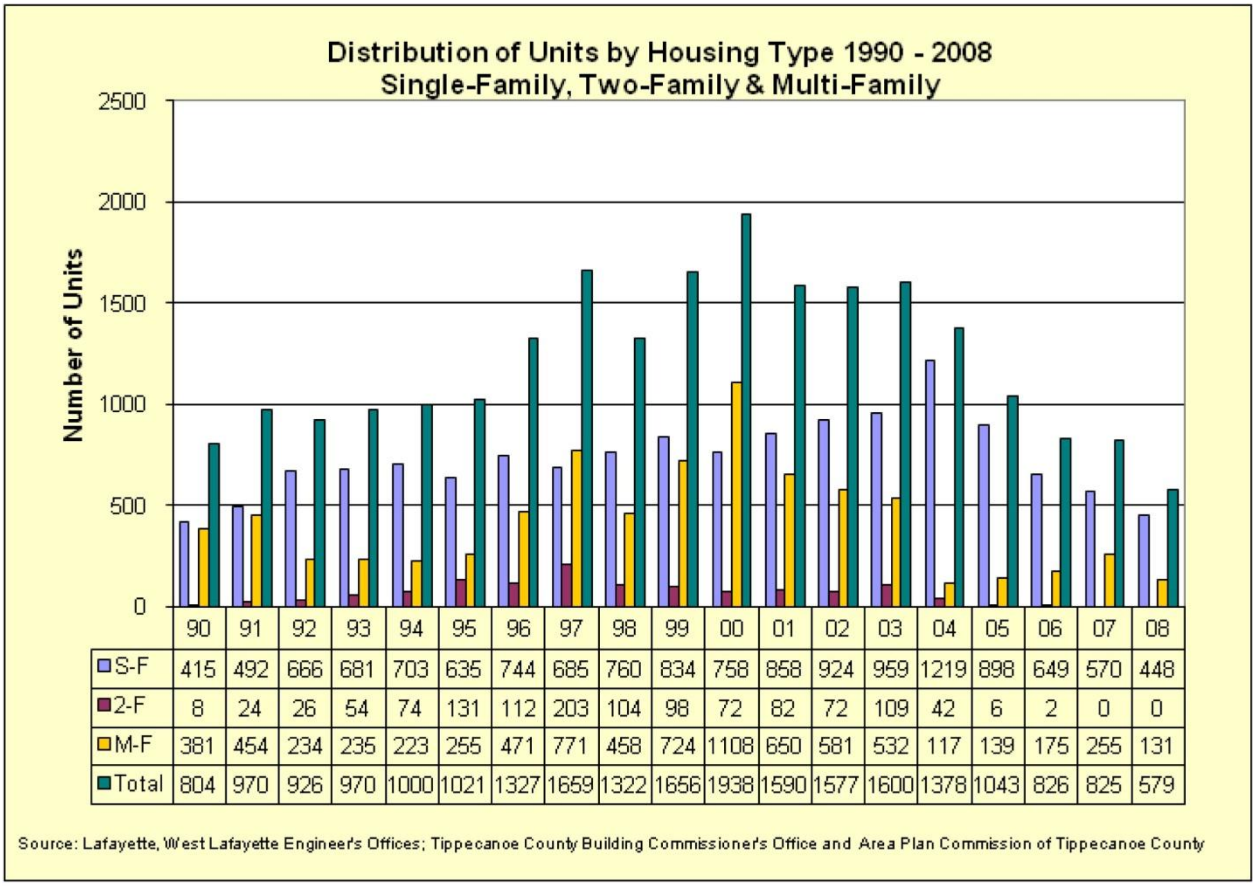
	89	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08
Laf	80	88	78	137	67	145	99	59	103	183	277	241	246	237	189	171	134	91	89	85
W.Laf	16	46	72	91	77	57	49	37	42	44	29	40	24	47	52	53	89	73	117	96
Uninc.	316	281	342	438	537	501	487	648	540	533	528	477	588	640	718	995	675	485	364	267

Source: Lafayette, West Lafayette Engineer's Offices; Tippecanoe County Building Commissioner's Office and Area Plan Commission

Lafayette experienced a significant increase in building permits for single-family homes from 1996 to 1999, following five years of annual ups and downs between 1991 and 1995 (Figure 28). After peaking in 1999, Lafayette single-family home permits slowly decreased to present levels.

In unincorporated Tippecanoe County the pattern of single-family home permits is almost exactly opposite of that observed in Lafayette. In 1996, the point when Lafayette was at the beginning of what would become a four year increase; unincorporated Tippecanoe County peaked followed by four years of steady decline in numbers. The most recent 2004 spike of record breaking single-family home permit starts outside the city limits began its climb in 2000 which corresponds with a decline of permits issued in Lafayette from 1999 to present. In West Lafayette the number of single-family permits issued has followed a steady pattern with little change from one year to the next other than two slight peaks in 1992 and 2005.

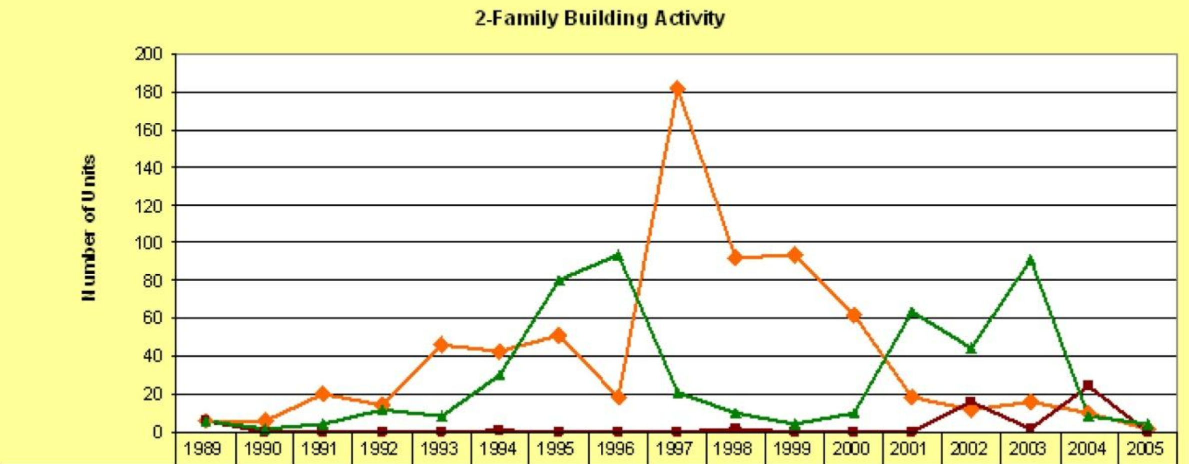
Figure 29: Distribution of Units by Housing Type 1990-2008



	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08
S-F	415	492	666	681	703	635	744	685	760	834	758	858	924	959	1219	898	649	570	448
2-F	8	24	26	54	74	131	112	203	104	98	72	82	72	109	42	6	2	0	0
M-F	381	454	234	235	223	255	471	771	458	724	1108	650	581	532	117	139	175	255	131
Total	804	970	926	970	1000	1021	1327	1659	1322	1656	1938	1590	1577	1600	1378	1043	826	825	579

The average number of new 2-family or duplex units built between 1990 and 2008 in all of Tippecanoe County is 64 and represents less than one-tenth the numbers of single-family homes (Fig. 29). Permits issued for duplexes countywide increased from 1990 with 8 units; peaked in 1997 with 203 units; and generally decreased from that time with zero duplexes built in 2007 and 2008. The pattern of permits for 2-family units issued by jurisdiction is varied; peak years for one jurisdiction is shown to correspond with record low years in another jurisdiction (Fig. 30). The City of West Lafayette has issued no permits for 2-family units in eleven of the last seventeen years, yet recently 16 and 24 units were constructed in 2002 and 2004 respectively. Lafayette, with the largest average number of 2-family units issued, at 40 per year, experienced a tremendous spike in 1997 of 182 units but has seen a steady decline since that time. Unincorporated Tippecanoe County on the other hand with an average of 28 duplex units per year issued permits for a record low of 4 in 1999, but issued a record high number of units before and after that low point in 1995, 1996 and 2001, 2003 with 80, 94 and 64, 91 respectively.

Figure 30: Local Two-family Building Activity 1989-2005

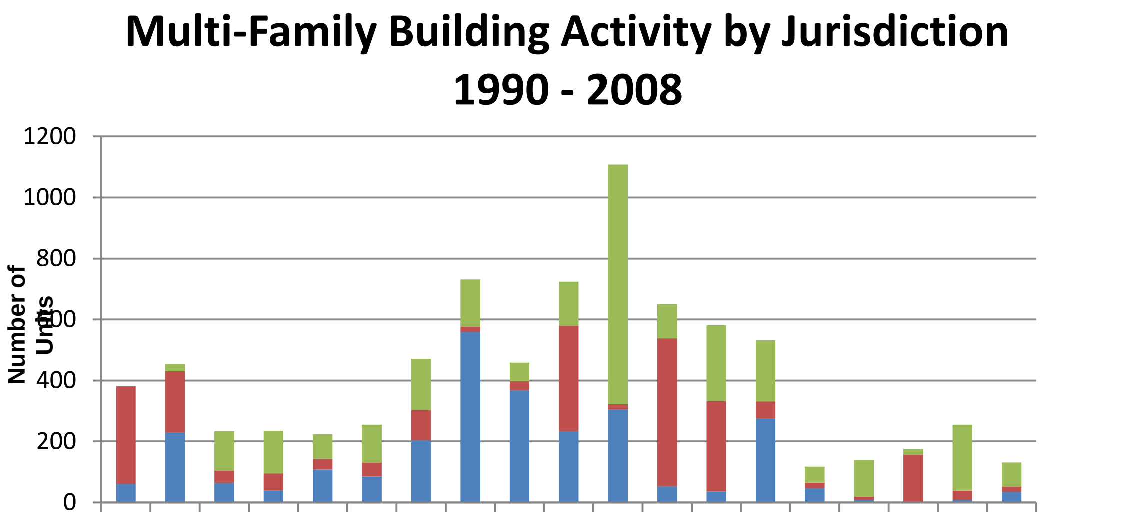


	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Lafayette	6	6	20	14	46	43	51	18	182	92	94	62	18	12	16	10	2
West Lafayette	6	0	0	0	0	1	0	0	0	2	0	0	0	16	2	24	0
Unincorporated	6	2	4	12	8	30	80	94	21	10	4	10	64	44	91	8	4

Source: Lafayette and West Lafayette City Enigeer's Offices; Tippecanoe County Building Commissioner's Office and Area Plan Commission of Tippecanoe County

The average number of new multi-family units issued permits over the past nineteen years has been fairly evenly distributed between Lafayette with 143, West Lafayette with 120 and unincorporated Tippecanoe County with 150. However the actual number of units per year by jurisdiction exhibits much the same alternating pattern of highs and lows observed in the new duplex units (Fig. 30). Spikes of 320, 345, 485 and 297 in West Lafayette units happened in 1990, 1999, 2001 and 2002. By comparison, Lafayette peaked in 1997, 1998, 2000 and 2003 with 559, 368, 304 and 276 new units.

Figure 31: Local Multi-family Building Activity 1990-2008



	90	91	92	93	94	95	96	97	98	99	00	01	02	03	04	05	06	07	08
Uninc	0	24	130	140	80	124	168	154	60	145	786	112	249	201	52	120	19	216	80
W.Laf	320	201	40	56	35	46	99	18	30	345	18	485	297	55	18	11	156	31	17
Laf	61	229	64	39	108	85	204	559	368	234	304	53	35	276	47	8	0	8	34

Source: Lafayette, West Lafyette Engineer's Offices; Tippecanoe County Building Commissioner's Office and Area Plan Commission

Finally, significant increases in multi-family units outside the cities took place in 2000, 2002 and 2003 when 786, 249 and 201 units were issued permits. A pattern of highs and lows is apparent: record lows are often followed by record highs until those units are absorbed.

Residential Subdivision Activity, 1997-2006

To this point the housing plan has looked at the number of existing homes and new construction to see how that compares to the existing and projected population providing insight into vacancy rates for the county. Cost comparisons of housing from various sources and with family incomes in Tippecanoe County were used to study affordability of housing in the area.

The next logical step is to gather data on subdivision activity to determine if the community is prepared to keep pace with the future need for residential construction sites while also providing a variety of housing products and types to serve a wide range of income levels of homeowners and renters.

The data shown in Figures 31, 32 and 33 is gathered from two sources: subdivision activity summarized in the Area Plan Commission Annual Reports over the ten year period between 1997 and 2006 and building permit records from Tippecanoe County and the Cities of Lafayette and West Lafayette gathered each month by plan commission staff for the same ten year time period.

The creation of building sites through the subdivision process is very generally speaking, a two-step process. Lots can be considered to exist once a plat receives Area Plan Commission approval; however those approved lots are not eligible for building permits until the final plat has been recorded. The recording of a final plat (after the approval of the preliminary plat by the

APC) makes them available for sale as buildable sites. Subdivision information was taken from the annual reports, then divided into two more categories: single-family units (one dwelling unit per lot) and two-family or multi-family units (two or more dwelling units per lot).

Figure 32: Single-family Lots approved and Platted Compared to Building Permits Issued.

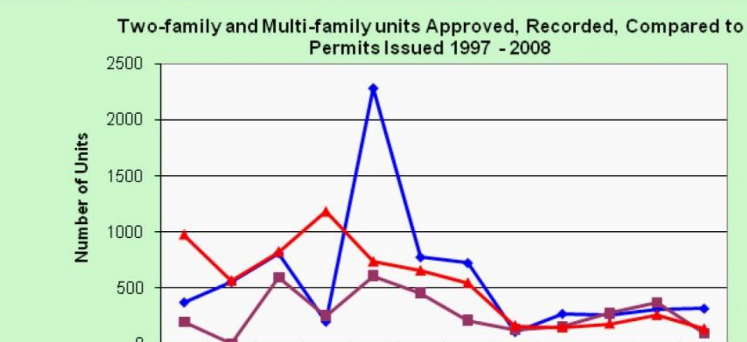
	97	98	99	00	01	02	03	04	05	06	07	08
approved lots	870	1026	942	1745	1472	1576	2033	2503	1119	480	139	30
recorded lots	1063	752	936	1199	1025	1096	955	1993	1006	590	238	180
Permits issued	685	760	834	758	858	924	959	1219	898	649	570	448

Source: Lafayette and West Lafayette City Engineer's Offices; Tippecanoe County Building Commissioner's Office and Area Plan Commission of Tippecanoe County

It is important to determine whether approved lots (not yet recorded) and buildable lots (those with recorded final plats) can provide enough of the right housing choices. For example, if housing trends show that more people are choosing 2-family or multi-family apartment living over detached single-family dwellings, a surplus of single-family subdivision lots would not adequately serve the current needs of the community.

Comparing past and current single-family, two-family and multi-family residential building permit figures to annually approved and buildable lot totals show the rate at which lots are being used. This data suggests a significant surplus in the making (Fig. 32 and 33). It is interesting to note that during 2004, the record breaking year for new home starts with 1219 county wide, the number of recorded single-family residential lots was double that figure. In fact between 2000 and 2005 alone there were 10,448 single-family lots approved and 7,274 recorded.

Figure 33: Two-family and Multi-family Units on Newly Approved and Platted Lots Compared to Building Permits Issued



	97	98	99	00	01	02	03	04	05	06	07	08
units approved	369	552	810	196	2285	773	721	104	266	252	311	313
units recorded	192	0	590	250	608	454	209	128	156	272	367	96
Permits issued	974	562	822	1180	732	653	542	159	145	177	255	131

Source: Lafayette and West Lafayette City Engineer's Offices; Tippecanoe County Building Commissioner's Office and Area Plan Commission of Tippecanoe County

Figure 33 shows two-family and multi-family data but in contrast to single-family activity (Fig. 32), the number of units constructed exceeds the number of units recorded indicating a probable surplus of buildable multi-family projects generated in the early 1990s. Information of this type is a useful planning tool and can help to answer questions about whether there is enough residentially zoned land to serve current and future residential development.

A similar study of approved and platted lots is found in the 1981 plan. The following statement summarizes the findings at that time:

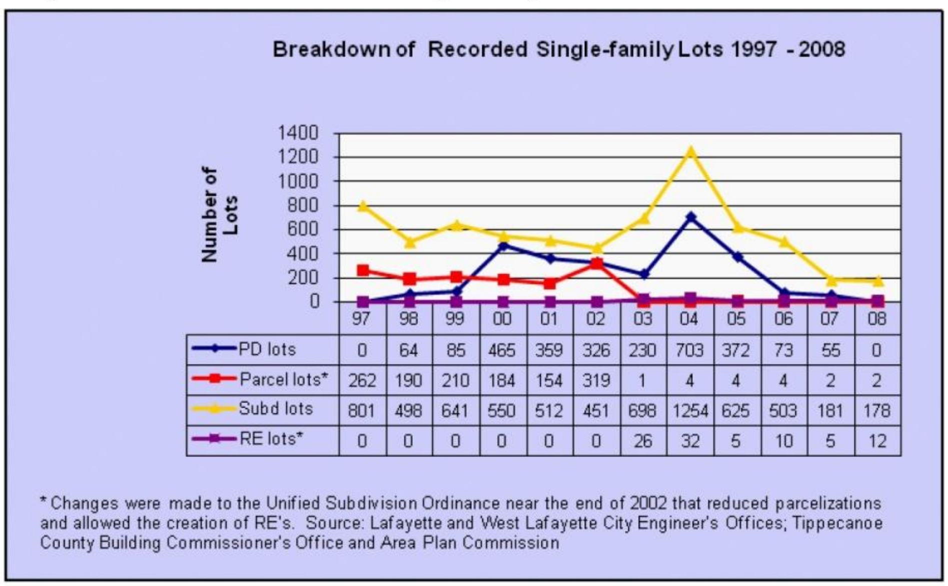
The data seem to indicate that, at least for the present, active building lots are being replaced, through Area Plan Commission action, at the same rate at which they are being developed; the large inventory of active lots built up *through the early 1970's, has at least not grown any larger over the last three years. The numbers through 1977 and 1980 are remarkably similar, not only with regard to activity category, but with regard to lot size as well. Perhaps indicative of an important trend, the stock of active higher density lots (at 4.01 or more per acre density) has dropped considerably, from 251 to 60, with a concomitant slight increase in all other density categories.*

What is most striking in all these numbers is the continuing stockpile of active subdivision lots. The current level of 3,112 lots would be sufficient to house over 8,000 persons at current persons—per—household rates. That is enough housing for the entire anticipated population growth in Tippecanoe County through 1990. The magnitude of the inventory grows when one realizes that these data exclude the formation of large lots, and consider neither the number of still active lots processed prior to 1970, nor the growing number of lots created through the planned development process and the recently enacted Unified Subdivision Ordinance. Additionally, it must be remembered that none of these lots would serve the housing needs of the considerable portion of our households choosing multi-family housing.

Clearly, there is a strong single-family housing market in Tippecanoe County especially for the traditional first time homebuyer. There is also increased use of planned development zoning for high-density detached single-family dwellings and student rentals, semi-attached and 4-plex condominiums and mixed-use residential projects. Figure 34 shows the increased share planned developments have in the housing market locally. The major issues to address with regard to subdivision activity might be how to absorb the current surplus of single-family residential lots, and to determine how appropriate these lots will be at meeting the community's long-range and potentially changing housing needs.

Acceptance of housing types, such as high-density detached homes, neo-traditional design layouts, condominium ownership and mixed-use developments is improving and might be caused in part by housing costs and changing demographic patterns including smaller household size and an aging population. Compared to housing choices in 1981 the range of housing types has expanded. To date this growth in available options might represent life-style changes, such as housing projects marketed toward empty-nesters, as much as it does efforts to reduce housing costs by increasing densities to offset land prices.

Figure 34: Breakdown of Recorded Single-family Lots 1997-2008



	97	98	99	00	01	02	03	04	05	06	07	08
PD lots	0	64	85	465	359	326	230	703	372	73	55	0
Parcel lots*	262	190	210	184	154	319	1	4	4	4	2	2
Subd lots	801	498	641	550	512	451	698	1254	625	503	181	178
RE lots*	0	0	0	0	0	0	26	32	5	10	5	12

Local Housing Market Trends

In the introduction of this document, it states the purpose of the plan is to describe and analyze the following: nature and condition of our current housing stock; our ability to afford to rent or own housing; the amount of additional housing needed over the next ten years; and to establish policy that will serve to make housing available and affordable to all within our community and compatible within its surroundings, whether natural or manmade.

In the process of developing policy it is important to remember that most housing locally is provided by the private developer. With that understanding, it is also important to have a working knowledge of market trends, how those trends predict current and future housing needs, and how this plan should influence decisions made by the private sector. While the need for new and redeveloped housing grows it is to be expected that today's consumer is different and demands different housing choices than consumers a decade or two in the past. For example, interest in downtown living and the number of available condominiums has grown significantly in recent years. The present housing market and emerging trends (with both positive and negative impacts) can tell a community a good deal about what is needed to serve its population now and in the future.

Foreclosures

Arguably, the biggest story in the housing market since 2004 is the prevalence of foreclosed properties. Even before the current economic impact on financial institutions nationwide, the increase in failed mortgages gained the attention of many in this community. In 2003 a homeownership retention/foreclosure prevention committee made up of local government staff, housing providers, banking industry representatives and real estate agents was formed. At the time, Indiana ranked first in the nation in number of residential foreclosures. In early 2005 a housing summit hosted by the committee was held to discuss the causes, impacts and possible solutions to foreclosure. With at least 50 community members and housing professionals in attendance, the top eight suggestions identified as concrete ways to help resolve the state's high foreclosure rate in order of priority were:

1. Buyer Education – especially first time home buyers;
2. Protection of existing home market in target areas so properties are competitive with new construction;
3. Increase public awareness – where to go for help, public service announcements;
4. Regulate new construction – balance residential development with population growth;
5. Regulate loans – no 100% financing, limit building permits and collect impact assessment fees;
6. Post-purchase education and counseling, delinquency counseling, increase number of certified counselors; and
7. Reform foreclosure process to reduce vacant/abandoned housing.

Accomplishments towards these priorities included:

- Grant from Indiana Housing and Community Development Authority for Homestead Consulting Services to expand housing counseling to an expanded geographic area.
- Homestead Consulting Services hired a housing counselor dedicated to pre-purchase counseling.
- PEFCU and Homestead Consulting Services received HUD counseling grants for housing counseling.

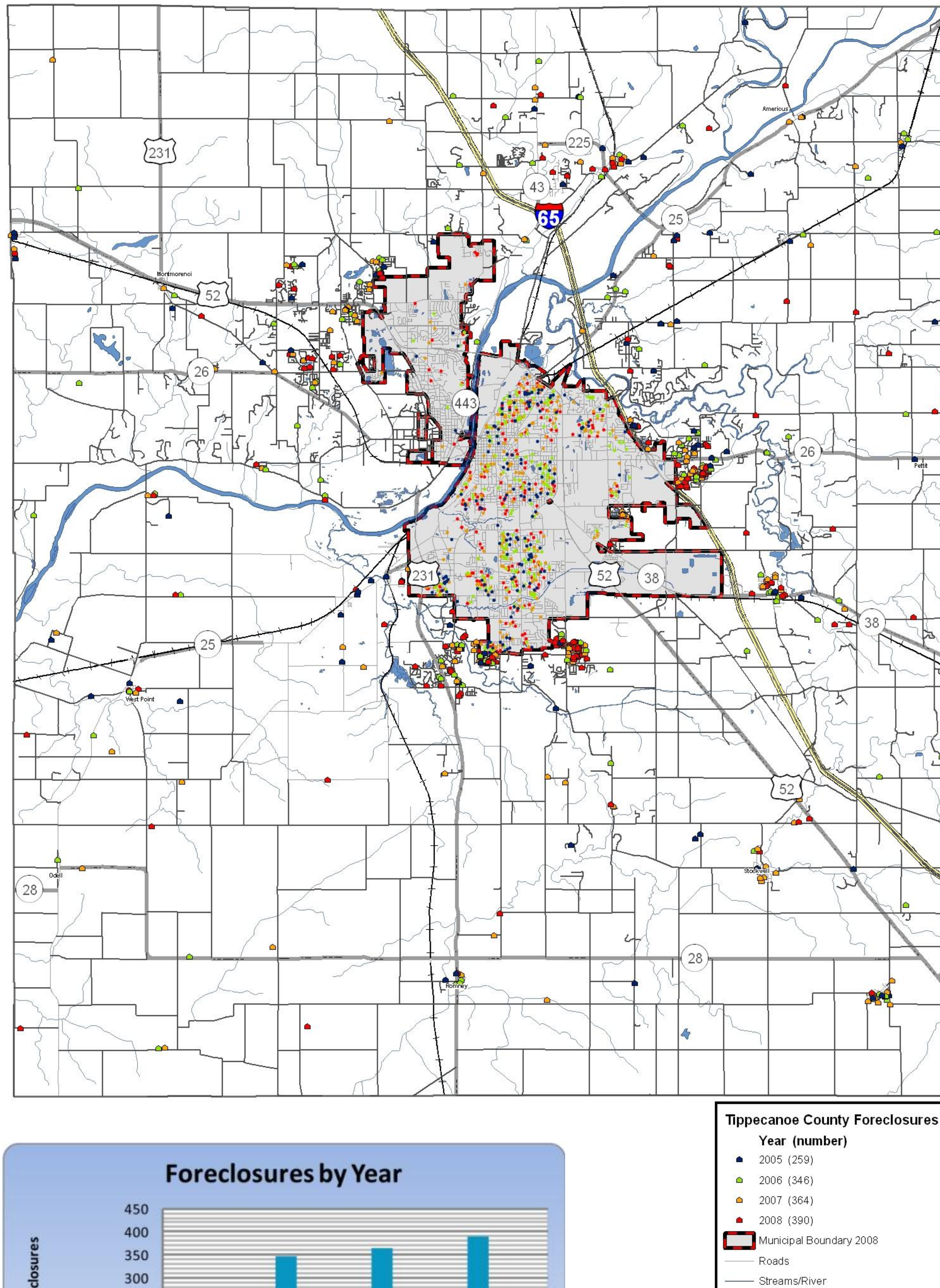
- Freddie Mac's "Don't Borrow Trouble Campaign" was brought to Lafayette
- National and State toll-free hot lines to help persons in danger of foreclosure contact a certified counselor.
- The State of Indiana initiated a counselor certification process so that families could be assured of quality counseling.
- A partnership with Homestead Consulting Services and Family Services Consumer Credit Counseling was formed to better serve clients.
- Homestead Consulting Services sponsored two Short Sale Clinics for local Realtors.
- Homestead Consulting Services sponsored a workshop concerning the impact of foreclosures on neighborhoods.
- Chamber of Commerce presented the "State of Housing" as a topic at an Eggs N Issues meeting.

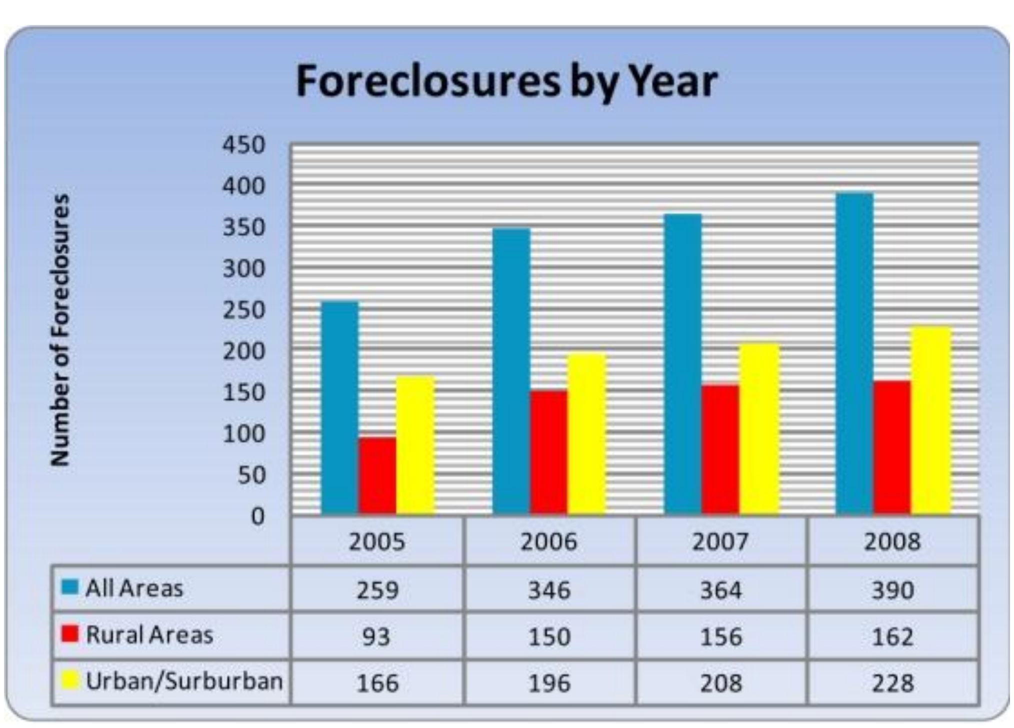
The need for housing counselors continues to grow. Homestead Consulting Services is currently the only HUD certified housing counseling agency in a 9 county area, with only 1 counselor. In 2008 their counselors saw 254 families regarding foreclosure issues with a success rate of 23% The Tippecanoe County Sheriff had 408 sales in 2008 and Homestead Consulting Services saw only 9% of those people. The biggest obstacle to this is the lack of funds to hire counselors. Some federal programs, such as the HUD counseling program, help with this, but are insufficient to cover the entire cost or need. Many new housing solutions being developed on a national level, require counseling, but do not fund counseling. In addition, these new programs deal mainly with foreclosure issues relating to adjustable rates, creative lending and subprime lending. Although, Tippecanoe County is still dealing with these problems, the new growing trend as to the reason for delinquencies in Tippecanoe County is related to loss of income due to job loss or shorted hours. These issues take even more of the counselor's time to try to work out viable solutions.

The Midwest was hit especially hard in 2002 due to its high rate of homeownership; Michigan and Ohio ranked second and third in the nation behind Indiana. Figures 35 and 36 map the locations in Tippecanoe County of properties sold at Sheriff's Sale due to foreclosure. Two facts are immediately noticeable: first, the problem crosses all economic boundaries and affects both new and established neighborhoods throughout the area; second, the problem is growing each year and the collective effect can be staggering to the community as well as to individual homeowners.

Figure 35: 2005 – 2008 Tippecanoe County Sheriff Sale Foreclosures

Unincorporated Tippecanoe County foreclosures 2005 - 2008

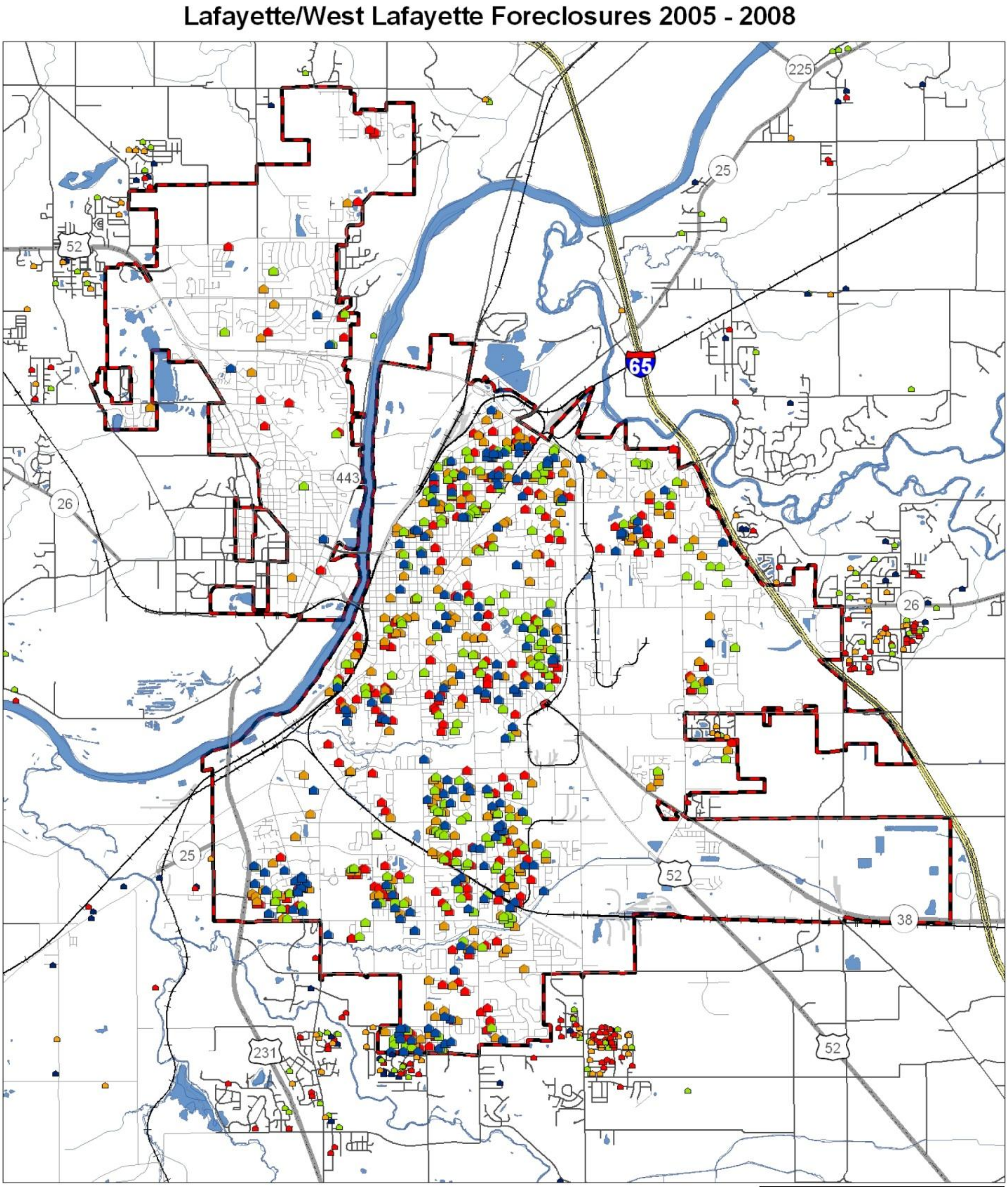


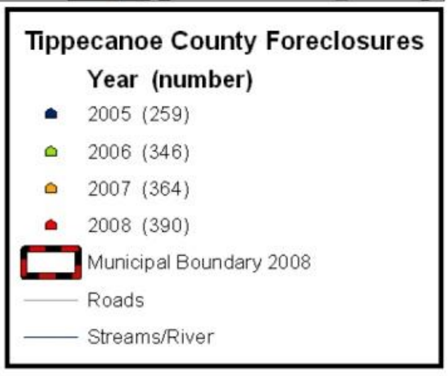


	2005	2006	2007	2008
All Areas	259	346	364	390
Rural Areas	93	150	156	162
Urban/Surburban	166	196	208	228

Note: Urban areas are defined as being within incorporated city or town boundaries while suburban areas are found in unincorporated Tippecanoe County.

Figure 36: 2005 – 2008 Tippecanoe County Sheriff Foreclosure Sales





	2005	2006	2007	2008
All Areas	259	346	364	390
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Urban/Surburban	166	196	208	228

Note: Urban areas are defined as being within incorporated city or town boundaries while suburban areas are found in unincorporated Tippecanoe County.

Niche Markets

50+ "empty nester" communities:

Several condominium planned developments have been developed in recent years with a target market of 50-year olds and older (ex. Villas at Stonebridge, Heron Bay, Cross Creek Lakes and Ravenswood at Hickory Ridge). Construction tends to be upscale, higher density with both attached and detached products. Most developments have club houses and walking trail amenities. Lawn and exterior upkeep is generally included making ownership low maintenance and allowing more freedom for owners with second homes. Contrary to information found in some planning periodicals, local builders find that empty nesters do not necessarily want smaller homes. What the local market desires is less maintenance and reorganized space. At least one planned development, Jefferson Centre, constructed rentals with affordable apartment-styled senior housing; however the popular trend has been upscale condos which do not serve all income levels. A potential market specific to West Lafayette has not yet been utilized; the area could be promoted as a place of choice for retirees, specifically retiring faculty from other university towns.

Senior housing continuum of care: independent, assisted, skilled nursing care:

Taking the empty nester market one step further in the continuum of care are planned developments with mixed residential options designed to follow the resident from independent living to skilled nursing care without leaving the project (ex. Westminster Village, Greentree and University Place). Ownership options vary from project to project with some offering independent condos for sale while others provide homes and/or apartments for rent. The medical care facilities also vary in services. Some developments offer limited nursing care and group meal options while other facilities provide full nursing home care including Alzheimer care units. Developments in this niche that serve the community best are those that can provide our aging population the flexibility to locate in close proximity to services and commercial uses that fulfill the needs of the residents and offer housing options for a variety of income levels.

Student-oriented apartments, "Kiddie condos"

In recent years there has been an increase of student-oriented and marketed apartment complexes. Examples include "dorm style" units that are designed with stand alone bedrooms each with private bathroom, rented by the bedroom, with shared living room and kitchen facilities (Jefferson Commons, The Lodge and McCormick Place). Others are traditionally built apartments located near campus with student renters as the target market. Some, but not all, are developed with planned development zoning taking advantage of increased densities and more favorable parking standards of one resident/one space per bedroom rather than parking calculated by unit size (Kitty's Corner, Lynwood and Fairway Knolls).

"Kiddie condos", in contrast, are actually single-family homes purchased by parents of out-of-town Purdue students in the older near campus neighborhoods. Parents of students attending Purdue are able to purchase a home and benefit from an arrangement where roommates help pay the bulk of the monthly mortgage installments. Risk during resale is low due to high demand for housing in the area. However problems frequently arise due to the prevalence of over-occupied units, lack of adequate parking and incompatible life styles of students living next to families in adjacent owner-occupied properties.

As the college-aged children of baby boomers, the echo boom, continue to graduate, some predict that demand will drop off leaving a surplus of student-oriented housing in the next five to ten years. The surplus raises concerns about the future use of 3 and 4 bedroom units constructed to dorm-like standards that fit the needs of an unrelated group of individuals but not a traditional family unit. A similar surplus could happen with student-family owned single-family homes that experience fewer buyers as a result of reduced demand and/or less interest to invest in a weakened real estate market. Students may opt instead for apartments that could be in greater supply for the reasons stated above.

Downtown condo conversion, mixed and residential planned developments:

As a residential product option, the increase of condominiums in both residential and mixed used projects is significant. Five condo conversions of existing buildings in the downtown area from rental apartments to owner-occupied condominiums have taken place in the last five years. Most downtown projects include mixed use with lower floor(s) devoted to commercial use and residential use on upper floors. Popularity of urban living in both new and older buildings has increased. The benefit of owner-occupied residential dwellings to downtown businesses can be seen with the addition of new locally owned pubs, restaurants, gift shops and active night life after 5:00 PM when area offices close for the day.

Campus Housing for Students

Purdue University, lacking residential restrictions that would require undergraduates to remain in dorms, is like any other landlord in the community except for the advantage of proximity to campus. New university owned dorms are currently under construction for the first time in years and when complete will add 365 beds to the current inventory of dorm rooms. Another 170 could be added by 2012 if deemed financially feasible. Since 2000, 850 single rooms and 272 family units owned by Purdue have been lost on campus due to demolition, expansion of academic buildings and renovations. So even with the addition of these buildings, the university is still operating a net loss of campus housing forcing students into private off-campus housing who would have otherwise had the option to live on campus prior to 2000.

Market Conditions and Property Values

Market conditions are generally considered weak when the number of sellers is greater than the number of buyers. In a weak housing market it is common to experience falling or flat home values. When a housing market is strong, demand for housing is up, home values are stable or increasing and home sales contribute in supporting a strong local economy.

The average price of homes in Tippecanoe County, when adjusted for inflation, has not increased over the past ten years. To a large degree the new housing market in Tippecanoe County has helped the local economy and an increase in building permits has been used as an indicator of economic health. However, in the absence of many new jobs in the county and only modest wage increases, it appears that new construction has been generated more by a population shift than new demand. Renters taking advantage of low interest rates and incentives have become homeowners making up one part of the shift along with existing homeowners that move to the fringe or just outside the city limits into newly developing neighborhoods leaving the central city. The results of this shift include higher than average vacancies, a surplus of new homes and buildable lots and falling or flat home values, all conditions that point to a weakening market and flat property values.

In a discussion about market conditions located on the Center for Housing Policy website the following statement addressed declining home prices:

In context, it is important to note that both strong and weak markets are affected by market cycles, such as the nation-wide housing slowdown that began in 2007. Just because housing prices decline for a year or two does not make a strong housing market a weak one. Rather, the housing price declines represent a market correction. In a strong housing market, housing prices will eventually resume their upward growth unless steps are taken to change the underlying causes of housing price growth pressure.

In a separate discussion about local market conditions one appraiser described the situation as “fragmented”, one that varies by neighborhood and in some cases from block to block especially related to the apartment market. Rents have seen some rebound lately as the market firms up and the shift of Purdue students to new units on the community’s fringe might reverse as students move back to more conveniently located apartments closer to campus. But while some land owners are putting money back into newer, near campus developments, areas in older parts of the city, particularly Lafayette, with properties that do not have the same level of reinvestment are marginal, deteriorating and in some cases pulling the neighborhood down with it.

Summary

This overview of the current housing situation in our community points out certain strengths and weaknesses in the overall housing picture. Problem areas include the “pockets” with a relatively high proportion of households with housing deficiencies, vacancy and foreclosure rates, and the high cost of housing especially for those making at or less than the median income. Positive factors include the high proportion of housing units in excellent structural condition, non-traditional housing options, and an ample supply of developable residential lots. Another factor to be considered is a trend toward smaller households and how that affects housing needs.

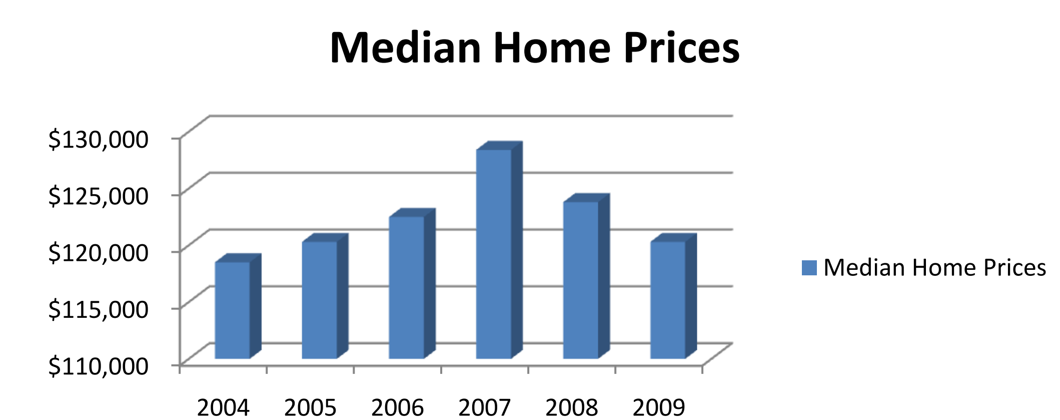
Locally, we are facing many of the same housing problems found in other parts of Indiana and the nation. While Tippecanoe County has numerous attractive and desirable residential areas it is not immune to flat property values or property foreclosures. The perception exists that conditions are worsening in our urban core with vacancy rates that remain high and new construction that is drawing former homeowners and renters out to the urban fringe. On a positive note, if a household earns the median income or better, it can find housing in good condition, appropriate to its needs, and in an attractive neighborhood. There is a supply of good housing throughout the County to suit the needs of those who can afford it. However, if the household is one of the 60 percent of the County’s families in the low or moderate income range, and is just entering the housing market, the problem can be severe. Such a household is likely to encounter difficulty in locating housing appropriate to its needs. Costs are either too high or they must settle for housing that is in disrepair. However, for the 25 percent who are in the low income range, the situation might be desperate. Nationally, low-income, non-elderly households rarely own their own home and frequently live with housing deficiencies. Locally, low-income elderly households are frequently homeowners. Yet, as the population continues to age, an increasing proportion of elderly homeowners must live with housing deficiencies as fixed incomes are not able to keep up with expenses and maintenance issues are deferred.

While the County’s population increased by about 14% between the 1990 and 2000 Census, households increased at the rate of 21%. This means, of course, that household size is shrinking and demand for housing is growing. Although homeownership in this community is more affordable than for the nation as a whole, it appears that from 1998 to 2008 the cost of purchasing a median priced home has increased faster than the median family income. The implication of this is that a greater portion of the population might well be priced out of the market in the future if price and income trends continue as they have. This also bears a relationship to the type of housing the population will require. The last 30 years have shown that single-family units are the most prevalent type of new housing constructed in Tippecanoe County. At the same time the percent of single-family units is decreasing while multi-family units increase. In light of the gap between personal income and sales prices coupled with declining or flat property values of existing single-family homes, the strength of single-family housing production might be waning. According to Frank Nothaft, chief economist with government-chartered mortgage giant Freddie Mac, many buyers took out interest-only, variable-rate loans, and in some cases put no money down to purchase a house. Nothaft estimates one out of every three loans issued in 2005 was an adjustable rate mortgage. With 14 consecutive interest-rate increases during the period from 2004 to 2007, many of these loan rates are bumping up, increasing the size of mortgage payments. Because of the ripple effect caused by the prevalence of loan defaults related to foreclosures and bankruptcies, the loan market has taken huge losses in 2007 and 2008; as a result many homeowners approved for low- and no-interest loans in the past would not be approved now.

Future Housing Needs

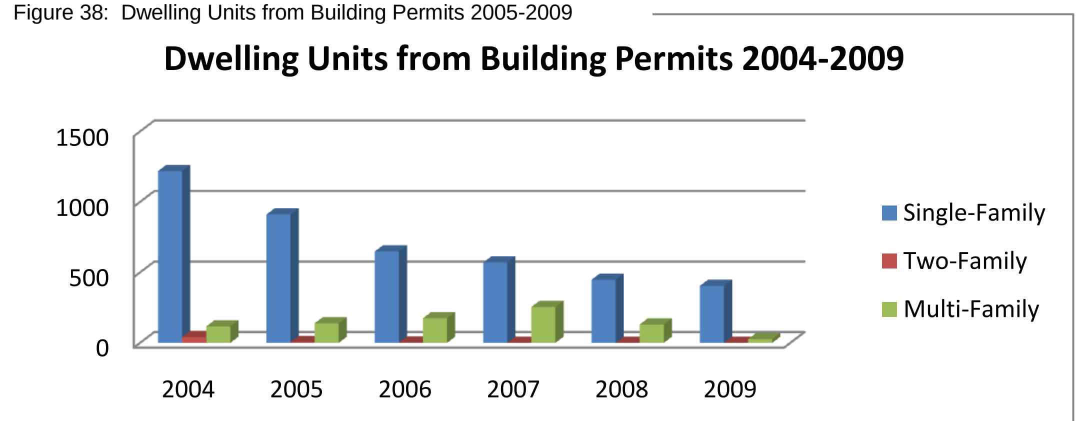
These trends and the national recession that began in late 2007 had a dramatic effect on the local housing market that persists today (Figure 37). As shown below, median home prices have seen a decline from the high point in 2007. Building permits for dwellings have also declined from the record high in 2004 (Figure 38); a further indicator of a contraction of the housing market.

Figure 37: Median Home Prices of Homes sold 2004-2009



Source: Lafayette Board of Realtors, Indiana Association of Realtors

Figure 38: Dwelling Units from Building Permits 2005-2009



Source: Lafayette and West Lafayette Engineer's Offices; Tippecanoe County Building Commissioner's Office and the Area Plan Commission of Tippecanoe County.

An acknowledgment of these challenges serves to inform and direct where our community's housing policies should go. For example, in a community with a large stock of older deteriorating homes one policy objective might be to "facilitate the rehabilitation of older homes". Or where a segment of the population expresses opposition to mixed density and smart growth development, a policy objective might be to "build community support for affordable homes". Other policy objectives might include: "preserve affordable rental housing," or "help existing homeowners avoid foreclosure," etc.

Recent Plan Update Process

Because housing policies must be responsive to the needs of the entire community, various departments, agencies and not-for-profit organizations concerned with housing in Tippecanoe County were invited to provide input while writing the 1981 plan and again beginning in 2003 through 2010 for this update. In 1981, policy areas were broadly grouped within the context of availability, affordability and compatibility. Much has changed in our community during the years since the adoption of the 1981 Comprehensive Plan; however, the general policy areas established still address most of the concerns expressed by the community today, over 25 years later.

The stakeholder group that assembled in 2003 began meeting to discuss housing needs in Tippecanoe County. Those participating represented local not-for-profit groups, government departments and agencies with a vested interest in affordable housing and smart growth. The group included APC staff, Lafayette and West Lafayette Community Development Departments, Lafayette Housing Authority (now Homestead Consulting Services), Area IV Agency on Aging and Community Action Programs, Lafayette Neighborhood Housing Services and members from the Vision 2020, Land Use Action Committee.

Two primary outcomes resulted from the early stakeholder meetings. One, a decision driven by the members of the Land Use Action Committee of Vision 2020, was to update the Housing Element of the Comprehensive Plan. The community-based Vision 2020 Plan identified the update as an action step toward meeting the objective of planning for housing development using "big picture" thinking. The purpose of this objective is to consider local trends; growth issues; zoning and infrastructure requirements; population projections; special needs; and Census data while meeting the housing needs of the community. An important component of the update was to encourage communication and cooperation among government agencies and community members in order to assure that institutions, housing providers and developers had the information necessary to offer housing appropriate for all our residents. It was this focus that prompted the second outcome; the decision to update APC land use survey data, last conducted in 1997, by using volunteer labor provided by each of the organizations participating in the committee. Through the volunteer efforts described above, the collection of land use information and later the data entry into a database developed by APC, it was possible to complete the land use survey in 2004.

In 2005 early data collected from the new land use survey on building condition trends, 2000 Census information on population, household size and vacancy rates, and current building permit numbers were presented to local focus groups comprised of government departments, neighborhood associations, builder/developers, and real estate appraisal and banking professionals.

Their review and explanations of this data, combined with stakeholder/work group input collected during these time periods, in addition to further input collected in 2008-2009, provided the basis for the update contained within the following Housing Policies:

2010 HOUSING POLICIES

The original policy statements for the Housing Element, first adopted in 1981, still resonate today. The Goals and Objectives, adopted by the Area Plan Commission in 1976 provided three broad housing policy areas: availability, affordability and compatibility of housing. The following analysis and updated policy statements seek to acknowledge the continued relevance of these goals and objectives while augmenting them with contemporary issues born out of the stakeholder group work begun in 2003:

Availability

This policy area has become increasingly fulfilled over the past decades since the adoption of the 1981 Comprehensive Plan. Over the years, new housing construction has been coupled with efforts, both publically and privately funded, to rehabilitate existing housing. This, in combination with relatively low increases in housing costs, have enabled many people across the income spectrum to find new, used and rehabilitated housing available on the market. The demands for senior housing as well as housing for the “empty-nest” demographic remains high and meeting these needs should be a high priority in all our communities. The use of the Planned Development process continues to be a prime outlet for innovative developers seeking to create mixed-use and mixed-income residential developments.

Affordability

Unlike most of the country, housing costs in Tippecanoe County rose steadily over the years, as opposed to rapidly. The recession of the late 2000’s has negatively impacted prices, but because prices did not increase at levels other communities experienced during the boom years, the collapse in prices nationally was not felt as dramatically in Tippecanoe County. As the market and economic conditions recover, the need for varying affordable types and sizes of housing will remain a concern. The Planned Development process continues to encourage a variety in type, design and layout of sites and buildings. Future updates to the Unified Subdivision Ordinance should remain sensitive to the goal of ensuring affordability.

Compatibility

The appropriateness of the physical location of housing and other development has been, in large part, guided by the availability of sanitary sewer. Compared to other communities in the country, the slow expansion of sewer has resulted in a fairly compact urbanized area. This has prevented leapfrog development and while this has positive environmental impacts, the pressures to develop in areas where sewer is available demands that the staff’s of Tippecanoe County and the localities address issues of compatibility when reviewing changes in land use. Quality living areas require residential development to be compatible with both the environment and surrounding development. The policies that are in place now that have resulted in the relatively compact growth Tippecanoe County currently enjoys should remain. Compact growth is good for the environment and good for the future livability of the community. With a solid commitment to compact growth, per the adopted Comprehensive Plan, housing policies should expand the concept of compatibility to include standards for appropriate redevelopment of urbanized sites. As urbanized areas age, neighborhood plans should be in place to guide their future redevelopment. As evidenced by the various neighborhood plans that have been developed since the original

1981 Comprehensive Plan was adopted, this process of guiding future redevelopment is well underway and should continue to be supported and expanded.

Policy Statements

The following policy statements are put forth and adopted by the Area Plan Commission of Tippecanoe County and its six participating jurisdictions in order to further the objectives of providing sufficient housing to meet the needs of all current and future residents while minimizing construction costs and maximizing compatibility with the natural and built environments. Some of these statements are being carried forward from the original plan as they remain relevant. The remaining statements reflect the work of the stakeholder/work group assembled to update this housing element.

Revised Policy Statements Carried Forward:

1. The Area Plan Commission and its participating jurisdictions are to continue efforts to streamline and coordinate review processes involved in the development of residential properties, and to ensure the uniform enforcement of all regulations pertaining to land use and building construction, in order to reduce unnecessary delays and concomitant costs without sacrificing essential public safeguards.

2. The staff of the Area Plan Commission and the Community Development Departments of Lafayette and West Lafayette are to combine efforts in formulating detailed and specific neighborhood plans, policies and implementable programs.

3. Neighborhood stability is to be promoted through a program of strong, equitable code enforcement, and continuing public investment in the maintenance of public facilities and services. Neighborhood associations and property owner associations are to be encouraged and permitted active participation in decision-making activities. Lending institutions are to be encouraged to provide neighborhood residents with a sufficient supply of home improvement financing. The feasibility of tax deferral or abatement programs designed to encourage housing rehabilitation is to be explored. Any infill construction is to mirror the existing physical character of the neighborhood.

4. Residential areas requiring major intervention, including the development of underutilized sites and the redevelopment of significantly deteriorating segments of neighborhoods, are to be carefully selected, and sensitively planned and developed, in order to minimize disruption and maximize compatibility with historic neighborhood patterns. Developers are encouraged to use the Planned Development process, especially in historic neighborhoods.

5. In relation to established needs multi-family development should be encouraged on lands located near major activity centers.

6. Federal and state agencies providing housing construction loans and rental assistance programs are to be encouraged to be responsive to local housing needs in an effort to provide balanced and stable assistance to local residents and home builders.

7. Within a context of providing sufficient and appropriate housing to all segments of the county, special attention is to be given to meeting the housing needs of our community's lowest income families, the disabled and the elderly poor. In keeping with established Federal policy, scattered-site construction, infilling and mixed-income development are to be encouraged to prevent economic segregation within the community.

8. To further foster availability and affordability of housing in a changing economy, the local development community is to be encouraged to utilize available procedures to build new types of housing specifically designed to meet the needs of smaller households, save land costs and reduce required infrastructure, while providing sufficient living space and maintaining residential privacy.

New Policy Statements:

9. Promote greater sustainability by supporting initiatives including: the protection of prime farm land and natural areas; promotion of energy efficiency and expansion of renewable energy solutions; reduction of stormwater runoff; water conservation and sewer planning; providing green spaces in established and newly planned neighborhoods and commercial spaces; ensuring orderly planning and regulation of new housing units in subdivisions; reduction of waste to landfills during construction and operation; and continue infrastructure and aesthetic improvements in older areas.

10. Support fiscally responsible provision of public services, facilities, green space and amenities for new housing developments and upgrading these same elements in existing developments as funds become available.

11. Address the migration of families to new developments on the urban fringe in the county school district by identifying redevelopment areas suitable for families inside both West Lafayette and Lafayette school districts.

12. On a continual basis, APC staff will: gather accurate information on inventory, sales, cost and trends in the housing market; gather information on the housing needs of low and moderate income households, including minority households; and seek data identifying trends in markets including “empty-nesters”, student housing, rentals and starter homes.

13. Regard the Wabash River as a principle center of community activity and support residential and mixed-use redevelopment around the river that contributes to this concept of a community center.

14. Create land use plans that emphasize vibrant neighborhoods and supports growth in Downtown Lafayette, the Levee area, and West Lafayette Village areas.

15. Support the preservation of existing housing stock in our urban neighborhoods when planning new commercial and residential developments within these established areas.

16. Support homebuyer education and foreclosure prevention counseling and develop and encourage other community awareness initiatives to address housing issues

having a negative community impact including falling property values and deferred property maintenance.

17. Establish and promote incentives for the reuse of unused buildings.

18. Promote and market existing neighborhoods and their amenities. In older neighborhoods, support the preservation of historic structures and their unique architecture.

19. Provide housing at the proper price points for the jobs we have and the jobs we are attracting. APC Staff will conduct further study to determine those price points for use by the home building community.

20. Using the latest Census tract data and other appropriate sources, identify all pockets of housing in most need of intervention due to issues pertaining to building condition, tenancy, vacancy rate, foreclosure rates and low to moderate income status. Establish a priority list of these properties for the purposes of targeting available resources designed to assist distressed properties.

21. In order to promote the greater safety and integrity of rental units in Tippecanoe County, identify and prioritize overcrowded rental units and target enforcement efforts accordingly. Support the establishment of a county-wide rental inspection program.

22. To address the gap between the median price of new and existing homes, focus available resources on the promotion and targeted redevelopment of established neighborhoods.

23. Significant new residential construction, regardless of density and configuration, is to be constructed only in the presence of, or in conjunction with, sufficient levels of public services, facilities, and all modes of transportation.

24. Housing specifically intended to serve low and moderate income and student populations is to be built within reasonable proximity to major shopping facilities and established public transportation routes.

25. Investigate the use of impact fees to balance cost of growth between new and existing residential areas.

26. Target rehabilitation assistance which improves accessibility for households of the disabled and elderly.

27. Zoning and land use decisions regarding housing development and redevelopment shall be guided by adopted neighborhood plans. Neighborhood associations and property owner associations should continue to be strongly encouraged and be active participants in all neighborhood plans.

28. Zoning and land use decisions near the Purdue campus area shall implement efforts to re-establish an appropriate mix of owner-occupied and student-renter occupied housing.

29. In areas of the community that have been identified in the Land Use Survey as having declining housing conditions, support the rehabilitation of homeowner units for households of varying family sizes, incomes, and ages.

30. Promote the development of replacement housing in the county for mobile homes that have serious substandard conditions as identified in the Land Use Survey.

31. In order to encourage our ageing and disabled population to remain in the community, promote universal design elements with all residential developments and rehabilitations for greater livability and flexibility for all persons regardless of their physical ability.

Appendix A

Characteristics and definitions of the terms used in the land use surveys.

HOUSING CONDITION CLASSIFICATIONS

A - GOOD
Structures in the good designation should be of high quality and of sound condition. New structures or older units that have been extensively rehabbed or perpetually maintained are included. The structure must be free of a visible need of repair. The property must also be well maintained.

B - MAINTENANCE
Buildings with maintenance ratings are in good structural condition and are in need of minor repairs. As a structure ages, it naturally requires maintenance. Fix-up work could include new paint, minor screen or window repair, a loose piece of the exterior material, or replacement of a few strips of siding.

C - REPAIR
A building in the repair category is in need of major repairs. If a major repair such as a new roof, additional structural support, or complete exterior rehab is needed, the building falls into this category. If a structure is neglected as it ages, small repairs mount into larger problems. Therefore, an aggregate of smaller repairs also constitutes a building needing major repair. A conglomeration of exterior problems might be an indication of additional serious issues inside the structure.

REMODELING
Buildings being repaired or upgraded to a better condition can be classified as remodeling. This category is designed for buildings <u>actively</u> under transition where it would be misleading to grade them at their lower pre-existing condition. At the same time it is hard to determine how much work will be done so it is equally difficult to predict without some margin of error what the final condition will be.

D - DILAPIDATED
Buildings that are unfit for human habitation, structurally unsound, and unsafe can be classified as candidates for dilapidated. These buildings have serious conditions requiring substantial investment. Serious problems might include but are not limited to major structural faults, advanced weathering of materials, and a foundation or footing that is not level or solid.